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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES

December 31, 2018 and 2017

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Breaking Ground Housing Development Fund Corporation and Affiliates:

Report on the financial statements

We have audited the accompanying consolidated financial statements of Breaking Ground Housing Development Fund Corporation and Affiliates (collectively, "Breaking Ground"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, changes in net assets 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 Chelsea Residence Limited Partnership, Schermerhorn L.P., Pitt Street L.P., Brook Avenue Housing L.P., St. Marks Brownsville L.P., 410 Asylum Street, LLC, 410 Asylum Street Historic LLC, Hegeman Avenue Housing L.P., Common Ground Cedarwoods Housing LLC, 1630 Dewey Avenue LLC, and Boston Road Housing L.P., Webster Avenue Affordable LLC and Webster Avenue Supportive LLC (collectively, the "Controlled Housing Entities"), which statements reflect total assets constituting $440,513,591, or 54% and $388,230,598, or 64% of consolidated total assets as of December 31, 2018 and 2017, respectively, and total revenues of $19,388,304, or 27% and $16,441,581, or 23%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Controlled Housing Entities, is based solely on the reports 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 Breaking Ground'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 Breaking Ground'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 the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Breaking Ground Housing Development Fund Corporation and Affiliates as of December 31, 2018 and 2017, 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 information presented within the Consolidating Schedule of Financial Position Information - Not-for-Profit Entities, Consolidating Schedule of Activities Information - Not-for-Profit Entities, Consolidating Schedule of Financial Position Information - Housing Entities and Consolidating Schedule of Activities Information - Housing Entities as of and for the year ended December 31, 2018 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.

Grant Thornton LLP

Melville, New York
June 20, 2019

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES
Consolidated Statements of Financial Position
As of December 31, 2018 and 2017, with consolidating information as of December 31, 2018

	2018				2017
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
ASSETS					
CURRENT ASSETS					
Cash	$ 7,446,694	$ 4,535,427	$ -	$ 11,982,121	$ 7,601,222
Lender restricted cash	2,214,524	74,664	-	2,289,188	17,183,926
Contractual reserves	-	249,021	-	249,021	76,083
Accounts receivable, net	11,983,169	2,167,818	(883,915)	13,267,072	13,055,438
Advances due from affiliates	12,172,005	2,910,650	(15,082,655)	-	-
Development fees receivable	4,690,052	-	-	4,690,052	3,180,799
Other assets, net	1,059,351	110,932	-	1,170,283	1,345,240
Total current assets	39,565,795	10,048,512	(15,966,570)	33,647,737	42,442,708
NONCURRENT ASSETS					
Contractual reserves	18,916,916	8,855,098	-	27,772,014	21,744,612
Accounts receivable, net	14,674,600	-	(610,000)	14,064,600	13,849,600
Tenant security deposits	691,903	614,753	-	1,306,656	1,176,515
Development fees receivable	16,294,138	-	(11,676,650)	4,617,488	3,550,106
Affiliate notes and interest receivable	46,045,926	-	(46,045,926)	-	-
Investment in Housing Entities	5,877,183	-	(5,877,183)	-	-
Other assets, net	699,372	504,403	-	1,203,775	1,453,619
Property and equipment, net	260,330,882	484,294,955	(9,270,896)	735,354,941	523,329,610
Total noncurrent assets	363,530,920	494,269,209	(73,480,655)	784,319,474	565,104,062
Total assets	$ 403,096,715	$ 504,317,721	$ (89,447,225)	$ 817,967,211	$ 607,546,770

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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES
Consolidated Statements of Financial Position (continued)
As of December 31, 2018 and 2017, with consolidating information as of December 31, 2018

	2018				2017
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	$ 7,595,945	$ 2,345,184	$ (1,273,500)	$ 8,667,629	$ 7,427,249
Construction payable	108,373	8,682,350	-	8,790,723	12,721,656
Accrued interest payable - mortgages and notes	11,349	16,129	-	27,478	68,206
Advances due to affiliates	2,910,650	12,172,005	(15,082,655)	-	-
Deferred revenue	8,305,015	-	-	8,305,015	17,800,227
Project grant advances	176,471	-	-	176,471	176,471
Development fees payable	-	7,582,253	-	7,582,253	6,074,094
Mortgages and notes payable	3,249,865	38,420,628	-	41,670,493	17,339,828
Total current liabilities	22,357,668	69,218,549	(16,356,155)	75,220,062	61,607,731
NONCURRENT LIABILITIES					
Security deposits	720,070	623,262	-	1,343,332	1,219,111
Other liabilities	744,728	663,312	(610,000)	798,040	735,729
Construction payable	-	-	-	-	705,331
Accrued interest payable - mortgages and notes	7,086,720	11,514,993	-	18,601,713	15,016,727
Deferred revenue	4,250,370	-	(1,310,000)	2,940,370	2,547,261
Project grant advances	22,434,960	-	-	22,434,960	24,466,111
Development fees payable	-	18,976,384	(11,676,650)	7,299,734	4,874,160
Affiliate notes and interest payable	-	46,045,926	(46,045,926)	-	-
Mortgages and notes payable, net	227,197,091	280,682,621	-	507,879,712	360,164,062
Total noncurrent liabilities	262,433,939	358,506,498	(59,642,576)	561,297,861	409,728,492
Total liabilities	284,791,607	427,725,047	(75,998,731)	636,517,923	471,336,223
Commitments and contingencies					
NET ASSETS					
Without donor restrictions:					
Controlling interest	107,357,016	2,975,299	(13,448,494)	96,883,821	64,261,566
Noncontrolling interest	-	73,617,375	-	73,617,375	61,268,350
With donor restrictions	10,948,092	-	-	10,948,092	10,680,631
Total net assets	118,305,108	76,592,674	(13,448,494)	181,449,288	136,210,547
Total liabilities and net assets	$ 403,096,715	$ 504,317,721	$ (89,447,225)	$ 817,967,211	$ 607,546,770

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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES

Consolidated Statements of Activities

For the years ended December 31, 2018 and 2017, with consolidating information for the year ended December 31, 2018

	2018				2017
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues and support:					
Contributions	$ 3,548,036	$ -	$ -	$ 3,548,036	$ 2,988,472
Government grants and contracts	34,494,084	-	-	34,494,084	31,412,077
Management and partnership fees	1,654,745	-	(1,288,407)	366,338	339,032
Development fees	7,414,564	-	(127,680)	7,286,884	3,837,382
Rental income	13,805,407	18,077,058	(1,025,041)	30,857,424	28,452,936
Other income	4,856,572	1,311,246	(934,173)	5,233,645	4,180,736
Net assets released from restrictions	12,112,364	-	-	12,112,364	1,513,710
Total revenues and support	77,885,772	19,388,304	(3,375,301)	93,898,775	72,724,345
Expenses:					
Social services	36,652,426	-	(449,682)	36,202,744	32,967,484
Housing management and development	3,513,448	-	-	3,513,448	5,536,839
Permanent housing operations	9,397,967	17,805,544	(2,160,120)	25,043,391	21,905,961
General and administrative	9,743,735	-	-	9,743,735	7,851,897
Fundraising	915,052	-	-	915,052	851,948
Depreciation and amortization	3,410,609	12,071,957	(286,916)	15,195,650	12,656,103
Interest and service fees	2,539,002	5,985,905	(697,915)	7,826,992	4,144,279
Total expenses	66,172,239	35,863,406	(3,594,633)	98,441,012	85,914,511
Change in net assets before other non-recurring items	11,713,533	(16,475,102)	219,332	(4,542,237)	(13,190,166)
Other non-recurring items:					
Gain on forgiveness of project grant advance	-	-	-	-	330,000
Sale of transferrable development rights	20,691,025	-	-	20,691,025	-
Increase (decrease) in net assets without donor restrictions	32,404,558	(16,475,102)	219,332	16,148,788	(12,860,166)
NET ASSETS WITH DONOR RESTRICTIONS					
Revenues and support with donor restrictions:					
Contributions	12,379,825	-	-	12,379,825	1,887,246
Net assets released from restrictions	(12,112,364)	-	-	(12,112,364)	(1,513,710)
Increase in net assets with donor restrictions	267,461	-	-	267,461	373,536
Change in net assets	32,672,019	(16,475,102)	219,332	16,416,249	(12,486,630)
Excess of expenses over revenues and support attributable to noncontrolling interests	-	16,473,467	-	16,473,467	12,185,792
Excess (deficiency) of revenues and support over expenses attributable to Breaking Ground	$ 32,672,019	$ (1,635)	$ 219,332	$ 32,889,716	$ (300,838)

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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES
Consolidated Statements of Changes in Net Assets
For the years ended December 31, 2018 and 2017

	Net Assets Without Donor Restrictions			Net Assets With Donor	Consolidated
	Controlling	Noncontrolling	Total	Restrictions	Total
Beginning balance, January 1, 2017	$ 64,935,940	$ 66,735,732	131,671,672	$ 10,307,095	$ 141,978,767
Contributions from investors	-	6,718,410	6,718,410	-	6,718,410
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(12,185,792)	(12,185,792)	-	(12,185,792)
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	(674,374)	-	(674,374)	373,536	(300,838)
Ending balance, December 31, 2017	$ 64,261,566	$ 61,268,350	$ 125,529,916	$ 10,680,631	$ 136,210,547
Contributions from investors	-	28,822,492	28,822,492	-	28,822,492
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(16,473,467)	(16,473,467)	-	(16,473,467)
Excess of revenues and support over expenses attributable to Breaking Ground	32,622,255	-	32,622,255	267,461	32,889,716
Ending balance, December 31, 2018	$ 96,883,821	$ 73,617,375	$ 170,501,196	$ 10,948,092	$ 181,449,288

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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 16,416,249	$ (12,486,630)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,195,650	12,656,103
Amortization of debt issuance costs	187,164	109,552
Gain on forgiveness of project grant advance	-	(330,000)
(Increase) decrease in operating assets:		
Accounts receivable, net	(426,634)	(713,115)
Other assets, net	385,468	149,439
Tenant security deposits	(130,141)	38,686
Development fees receivable	(2,576,635)	1,497,059
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,240,380	1,190,184
Security deposits	124,221	(33,006)
Other liabilities	62,311	87,906
Accrued interest payable - mortgages and notes	3,544,258	2,009,338
Deferred revenue	(9,102,103)	6,055,462
Project grant advances	(2,031,151)	4,323,529
Development fees payable	3,933,733	2,720,290
Net cash provided by operating activities	26,822,770	17,274,797
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in lender restricted cash	14,894,738	(2,470,423)
Change in contractual reserves	(6,200,340)	(4,768,511)
Payments on construction payable	(37,005,746)	(49,576,223)
Capital expenditures	(194,812,166)	(20,220,311)
Net cash used in investing activities	(223,123,514)	(77,035,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions received from investors	28,822,492	6,718,410
Proceeds from loans	219,566,699	63,209,672
Repayments of loans	(47,707,548)	(10,794,892)
Net cash provided by financing activities	200,681,643	59,133,190
Net increase (decrease) in cash	4,380,899	(627,481)
Cash, beginning of year	7,601,222	8,228,703
Cash, end of year	$ 11,982,121	$ 7,601,222
Supplemental disclosure of information:		
Cash paid for interest	$ 1,243,923	$ 1,089,663
Supplemental schedule of non-cash investing and financing activities:		
Construction payable capitalized to rental property	$ 32,369,482	$ 51,889,716

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

1. DESCRIPTION OF ORGANIZATION AND MISSION

Breaking Ground Housing Development Fund Corporation and Affiliates (collectively, "Breaking Ground" or the "Organization") was formed for the charitable purpose of owning, rehabilitating, maintaining and operating low-income housing projects and providing related social service programs to individuals residing in the buildings. Breaking Ground is financed principally by grants from community-based and governmental agencies, as well as, fees received from developing and managing properties, rental income, and contributions from the general public. The Organization consists of not-for-profit housing development fund corporations ("H.D.F.C."s), for-profit limited partnerships ("LP"s), limited liability corporations ("LLC"s), and C-corporations. All Breaking Ground entities are affiliated, under common board control and have been formed as support to further the Organization's objectives.

Breaking Ground's mission is to strengthen individuals, families, and communities by developing and sustaining exceptional supportive and affordable housing, as well as, offering programs for homeless and other vulnerable persons. Breaking Ground's network of well-designed, safe, and affordable apartments are linked to services that enable residents to maintain housing, restore health, and regain economic independence. The pursuit of this mission is three fold:

Street Outreach
Breaking Ground is a leading provider of outreach to street homeless New Yorkers, covering all of Brooklyn and Queens, along with midtown Manhattan. Outreach teams are responsible for canvassing the streets, engaging with people experiencing homelessness and working to connect them with services and housing. Through compassion, patience and persistence, outreach teams build trust with homeless individuals and help them come indoors.

Transitional Housing
Breaking Ground manages programs that provide safe, short-term housing for people in the most precarious circumstances on the streets. With secure housing, three meals a day, and comprehensive services on site, Breaking Ground provides a safe and supportive space in which each person can work towards securing permanent housing.

Permanent Supportive and Affordable Housing
For chronically homeless individuals, Breaking Ground creates safe, secure housing, with onsite support services to help address the mental and physical health problems that are obstacles to independent living. For individuals who find themselves at the edge of homelessness, Breaking Ground's affordable housing provides an all-important safety net with the onsite support services that can aid them in maintaining stability in their lives. For both populations, Breaking Ground strives to create strong, vibrant communities within its buildings and to strengthen the neighborhoods in which its buildings are located through a commitment to social inclusion.

The following paragraphs summarize the entities comprising Breaking Ground, all of which are consolidated within the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The H.D.F.C. entities of Breaking Ground were organized under Section 402 of the Not-for-Profit Corporation Law ("Section 402 of the NFPCL") and pursuant to Article XI of the Private Housing Finance Law ("Article XI of the PHFL") of the State of New York, and are exempt from income and excise taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC").

Breaking Ground Housing Development Fund Corporation ("BG"), organized on October 11, 1990, is the controlling member of the following entities: T.S. Hotel LLC, St. Marks Brownsville Housing Development Fund Corporation, and Schermerhorn Housing Development Fund Corporation.

Breaking Ground II Housing Development Fund Corporation ("BG II"), organized on January 26, 1995, is the controlling member of the following entities: Prince George Associates L.P., Prince George GP Corp, One Riverside Park Housing Development Fund Corporation, 10 Freedom Place Housing Development Fund Corporation, 1766-68 Second Avenue Housing Development Fund Corporation, Webster Avenue Affordable Developer LLC, La Central Supportive Developer LLC, Edwin's Place Developer LLC, CG Pitt Street Housing Development Fund Corporation, Brook Ave Housing Development Fund Corporation, Hegeman Housing Development Fund Corporation, 1630 Dewey Avenue Housing Development Fund Corp., Boston Road II Housing Development Fund Corporation, Webster Avenue Housing Development Fund Corporation, Webster Avenue Supportive Housing Development Fund Corporation, La Central Supportive Housing Development Fund Corporation, Edwin's Place Housing Development Fund Corporation, BG Betances Housing Development Fund Corporation, and 90 Sands Housing Development Fund Corporation.

Breaking Ground III Housing Development Fund Corporation ("BG III"), organized on October 24, 2000, was formed for the charitable purpose of operating a housing project at 206 West 24th Street, New York City ("Chelsea"), a building that was purchased through a loan from the City of New York Department of Housing Preservation and Development ("HPD"), which provides housing and employment services to qualifying young adults, formerly homeless, and low-income single adults.

Breaking Ground IV Housing Development Fund Corporation ("BG IV"), organized on October 23, 2001, was formed for the charitable purpose of owning, rehabilitating, and operating a housing project at 197 Bowery, New York City (the "Andrews"). BG IV provides an emergency Safe Haven and social services for individuals transitioning from homelessness to permanent housing at the Andrews.

Common Ground Jobs Training Corp. ("CGJTC"), organized on January 25, 1993, operates as a private foundation exempt from income taxes under Section 501(c)(3) of the IRC. CGJTC is subject to excise taxes on its net revenue derived from investment activities. CGJTC operates the Prince George commercial space at the building.

Common Ground Management Corporation d/b/a Breaking Ground Management ("BGM"), organized on January 26, 1995, was formed for the charitable purpose of managing low-income housing projects. It is also the central disbursement agent for all Breaking Ground entities. BGM is the controlling member of Breaking Ground V LLC ("BG V"), organized on September 29, 2017 under the New York Limited Liability Company Law for the purpose of providing all services at the Prince George Ballroom.

Breaking Ground is the sole owner or controlling member of each General Partner ("GP") or Managing Member ("MM") listed below, which owns 0.01% of their associated LPs and LLCs. These entities (the "Housing Entities") were formed to own individual properties that are developed and managed to provide low-income housing. The Housing Entities are comprised as follows:

Limited Partnership/ Limited Liability Corporation	General Partner/Managing Member
Chelsea Residence Limited Partnership	Chelsea GP Corp.
Brook Avenue Housing L.P.	CG-Brook Avenue Housing Corp.
Schermerhorn L.P.	Schermerhorn Housing Corp.
Pitt Street L.P.	Pitt Street Housing Corp.
410 Asylum Street, LLC	Common Ground 410 Asylum LIHTC LLC
410 Asylum Street Historic LLC	Common Ground 410 Asylum HTC LLC
St. Marks Brownsville L.P.	St. Marks Senior Housing Corporation
Common Ground Cedarwoods Housing LLC	Common Ground Cedarwoods Management LLC
Hegeman Avenue Housing L.P.	CG-Hegeman Avenue Housing Corp.
1630 Dewey Avenue LLC	1630 Dewey Avenue Managing Member, Inc.
Boston Road Housing L.P.	CG-Boston Road Housing Corp.
Webster Avenue Affordable LLC	Webster Avenue Affordable Managing Member LLC
Webster Avenue Supportive LLC	CG-Webster Avenue Supportive Housing Corp.
La Central Supportive L.P.	La Central Supportive Housing LLC
Edwin's Place L.P.	Edwin's Place Housing LLC
BG Betances L.P.	BG Betances Housing LLC
	BG Sutphin LLC

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncements

The Organization has adopted Accounting Standards Update ("ASU") 2014-16, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958) ("ASU 2014-16") for the year ended December 31, 2018. This standard was issued by the Financial Accounting Standards Board ("FASB") to improve the previous net asset classification requirements and certain information presented in the financial statements and notes thereto including a not-for-profit entity's liquidity. Among other things, ASU 2016-14 reduces the number of net asset classifications from three to two: with donor restrictions and without donor restrictions. The ASU also requires not-for-profits to report expenses by functional and natural classification in the financial statements, and requires not-for-profits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets.

As required by ASU 2014-16, the Organization applied the requirements on a retrospective basis in the year of adoption. As a result, certain amounts presented in the prior year have been reclassified to conform to the new presentation. All amounts previously reported as "Unrestricted net assets" have been reclassified to be presented as "Net assets without donor restrictions." Similarly, all amounts previously reported as "Temporarily restricted net assets" and "Permanently restricted net assets" have been reclassified to be presented as "Net assets with donor restrictions." The changes in net assets have similarly been reclassified. There was no change in total net assets or total change in net assets as result of the adoption of ASU 2014-16.

Basis of Presentation

The accompanying consolidated financial statements have been prepared under the accrual basis of accounting in accordance with US GAAP and include the accounts of the entities listed above, as follows:

Not-for-Profit Entities - The accompanying consolidated financial statements include the accounts of BG, BG II, BG III, BG IV, CGJTC, BGM (collectively known as the "Not-for-Profit Entities"). All intercompany transactions and accounts between the Not-for-Profit Entities have been eliminated in consolidation.

Housing Entities - LPs or LLCs that are controlled by Breaking Ground and those entities over which Breaking Ground exercises significant influence, are included in the accompanying consolidated financial statements. The GP/MM interests held by Breaking Ground entities equal 0.01% of the respective Housing Entities' equity, with the remainder of the Housing Entities' equity held by the limited partners/members of the respective Housing Entities. The portion of the Housing Entities not controlled by Breaking Ground is presented in the accompanying consolidated financial statements as noncontrolling interest. All intercompany transactions and accounts between the Housing Entities have been eliminated in consolidation.

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

The net assets of Breaking Ground and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions - controlling interest - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Breaking Ground.

Net assets without donor restrictions - noncontrolling interest - represent the aggregate of limited partner/member 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 Breaking Ground and/or the passage of time.

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.

Cash

Cash consists of cash on deposit with banks. Breaking Ground maintains its bank accounts with several financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to an aggregate amount of $250,000 for each entity. At times, cash balances within these accounts may exceed federally insured limits. Breaking Ground has not experienced, nor does it anticipate, any losses in such accounts.

Lender Restricted Cash and Contractual Reserves

Lender restricted cash and contractual reserves represent amounts that are required to be maintained by contractual or other agreements and consist of cash and cash equivalents, a certificate of deposit and treasury bills. Cash equivalents represent short-term investments with original maturities of three months or less from the date of purchase.

Concentration of Credit and Market Risks

Financial instruments that expose Breaking Ground 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

Revenue Recognition

Contributions, including unconditional promises to give, are reported as revenues in the period in which contributions are received or unconditional promises to give are made. Unconditional promises to give, due in more than one year, if any, are discounted to reflect the present value of future cash flows at a credit-adjusted rate.

Management and partnership fees are recognized as earned.

Revenue from government grants and contracts, the majority of which are cost reimbursable, is recognized as allowable costs are incurred. Funds received in advance of being earned for these grants and contracts are recorded as deferred revenue in the accompanying consolidated statements of financial position.

Development fees are recognized as revenue in the year earned based on the percentage of completion method. The unearned portion, of development fees received, is classified as deferred revenue in the accompanying consolidated statements of financial position. Development fees are paid by the respective Housing Entities to Breaking Ground's affiliated entities, through funds received from equity contributions of the Housing Entities' investors, as well as, from the operating cash flow of the respective Housing Entities. Only the portion of development fees to be paid from the respective Housing Entities' operating cash flow is eliminated in consolidation, while the portion to be paid from third-party equity contributions is not.

Rental income, including rent from the operation of low-income housing projects and tenants, is recognized as earned. Minimum rental revenue is recognized on a straight-line basis over the term of the lease, regardless of when payments are due. Advance receipts of rental income are deferred and classified as accounts payable and accrued expenses in the accompanying consolidated statements of financial position. All leases between the properties and tenants are considered to be operating leases.

Other income includes fees that Breaking Ground earns related to the rent up of affordable housing units for third parties as well as miscellaneous fees earned from tenants.

Development Fees Receivable

Development fees receivable in the accompanying consolidated statements of financial position represents development fees for construction development. Development fees receivable from Housing Entities that is payable from the operational cash flow of the respective projects is eliminated in consolidation. Any remaining development fees receivable shall be paid by the related Housing Entities upon receipt of the limited partner/member equity contribution. Development fees receivable balance as of December 31, 2018 and 2017 totaled $9,307,540 and $6,730,905, respectively.

Allowance for Uncollectible Accounts

The carrying value of accounts and development fees receivable is reduced by an appropriate allowance, if needed, for uncollectible accounts. Breaking Ground determines its allowance by considering a number of factors, including the length of time receivables are past due, previous loss history, the donor's current ability to pay their obligation, and the condition of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. Breaking Ground writes off accounts and development fee receivables when they become uncollectible, with any payments subsequently received on such receivables recorded as income in the period received. Allowances for doubtful accounts balance as of December 31, 2018 and 2017 totaled $735,871 and $427,924, respectively.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, contractual reserves, lender restricted cash, tenant security deposits, accounts payable and accrued expenses and other liabilities approximate fair value due to the short-term nature of these instruments.

Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Breaking Ground groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

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 measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Property and Equipment, net

Property and equipment are recorded at cost or fair value at the date of contribution, if donated. Property and equipment costing greater than $10,000 and with a useful life of three years or greater are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, as follows:

Property Classification	Estimated Useful Lives
Buildings and improvements	40 years
Leasehold improvements	Lesser of useful life or lease term
Furniture and equipment	3-7 years

All third-party costs, including interest expense associated with the acquisition of property for potential development, are capitalized as construction-in-progress. Any costs associated with potential acquisitions that are not deemed probable are expensed. All construction-related costs for properties where construction has commenced are capitalized as costs are incurred. Depreciation does not commence on construction-in-progress until the asset has been placed in service. Interest, real estate taxes, and insurance costs incurred during the period of rehabilitation of the projects are capitalized as part of the cost and presented as construction-in-progress.

Impairment of Long-Lived Assets

Breaking Ground reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses were recognized for the years ended December 31, 2018 and 2017, respectively, as management determined no such impairments existed.

Deferred Rent

Breaking Ground occupies buildings under leases containing escalation clauses or other features that require normalization of the rental expense over the life of the lease. As such, rent expense is recognized on a straight-line basis over the remaining life of the lease, inclusive of the rent abatements and landlord contributions.

Income Taxes

Breaking Ground 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.

Breaking Ground is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Breaking Ground has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. Breaking Ground has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, Breaking Ground has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

All other real estate entities have elected to be treated as pass-through entities for income tax purposes and as such, are not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by the owners on their respective income tax returns. The affiliated entities' federal tax statuses as pass-through entities are based on the legal statuses as LPs or LLCs. Accordingly, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. The affiliated entities are required and do file tax returns with the Internal Revenue Service (the "IRS") and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and these affiliated entities have no other tax positions which must be considered for disclosure.

Use of Accounting Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain information in the fiscal 2017 consolidated financial statements has been reclassified to conform to the fiscal 2018 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2017 consolidated financial statements.

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3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, as of December 31, 2018 and 2017, respectively, consisted of the following:

	2018	2017
Note receivable	$ 13,179,600	$ 13,179,600
Government grants and contracts	8,651,337	8,861,405
New York State Brownfield redevelopment tax credit	1,786	589,890
Housing Entity receivables	1,547,862	1,292,397
Contribution receivables	2,498,458	1,664,588
Tenant accounts receivables	1,133,901	1,187,485
Other	1,054,599	557,597
Accounts receivable, gross	28,067,543	27,332,962
Less: Allowance for doubtful accounts	(735,871)	(427,924)
Accounts receivable, net	$ 27,331,672	$ 26,905,038

4. LENDER RESTRICTED CASH AND CONTRACTUAL RESERVES

Under the terms of the various partnership agreements and mortgage loans, Breaking Ground is required to segregate and maintain funds in certain restricted accounts that can only be accessed with the permission of the respective limited partner/member or mortgage lender. These reserve accounts are primarily funded from the proceeds of Breaking Ground's earned development fees, a portion of which is required to be placed in reserve when paid by the LP or LLC. These reserves are required by the investor and lender to fund potential operating deficits or building replacement needs. The amount and terms of such reserves are set forth in the respective LP or LLC operating agreements.

Lender restricted cash and contractual reserves, at fair value, as of December 31, 2018 and 2017, respectively, consisted of the following:

	2018	2017
Cash and cash equivalents	$ 18,844,606	$ 31,873,848
Certificate of deposit	1,800,000	1,800,000
Treasury bills	9,665,617	5,330,773
Total	$ 30,310,223	$ 39,004,621

Breaking Ground's lender restricted cash and contractual reserves classified within the fair value hierarchy as of December 31, 2018 and 2017, respectively, consisted of the following:

2018	Level 2	Total
Cash and cash equivalents		$ 18,844,606
Certificate of deposit	$ 1,800,000	1,800,000
Treasury bills	9,665,617	9,665,617
Total	$ 11,465,617	$ 30,310,223

2017	Level 2	Total
Cash and cash equivalents		$ 31,873,848
Certificate of deposit	$ 1,800,000	1,800,000
Treasury bills	5,330,773	5,330,773
Total	$ 7,130,773	$ 39,004,621

Interest income for the years ended December 31, 2018 and 2017, totaled $145,240 and $106,907, respectively, and is recorded as other income within the consolidated statements of activities. Contractual reserve fees for the years ended December 31, 2018 and 2017, totaled $69,252 and $64,911, respectively, and are recorded as interest and service fees within the consolidated statements of activities.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, as of December 31, 2018 and 2017, respectively, consisted of the following:

	2018	2017
Buildings and improvements	$ 729,809,142	$ 490,219,607
Leasehold improvements	4,099,941	3,948,109
Furniture and equipment	20,035,881	18,699,277
Land improvements	10,384,056	10,384,056
	764,329,020	523,251,049
Less: Accumulated depreciation	(141,621,446)	(126,505,863)
Land	44,464,281	43,072,627
Construction-in-progress	68,183,086	83,511,797
Total property and equipment, net	$ 735,354,941	$ 523,329,610

Depreciation and amortization expense totaled $15,195,650 and $12,656,103 for the years ended December 31, 2018 and 2017, respectively. Ongoing construction-in-progress projects relating to La Central Supportive L.P., Edwin's Place L.P., and 90 Sands Housing Development Fund Corporation are expected to be completed in 2019, 2020 and 2022, respectively.

6. PROJECT GRANT ADVANCES

Project grant advances (which depend on the occurrence of a specified future uncertain event to bind the funder) are recognized as revenue when the conditions on which they depend are substantially met, that is, when the conditional grant becomes unconditional. Certain of these grants are designed as loan agreements with stated maturity dates, collateral requirements and interest rates, which upon the satisfaction of the respective requirements will be forgiven by the funder/lender and, as such, bear a 0% stated rate.

Project grant advances where the conditions have not been substantially met are included in liabilities in the accompanying consolidated statements of financial position as follows:

	2018	2017	Maturity Date
Federal Home Loan Bank for:			
BG - St. Marks Brownsville L.P.	$ 1,080,000	$ 1,080,000	11/26/2023
BG - Schermerhorn L.P.	675,000	675,000	12/29/2035
BG - Brook Avenue Housing L.P.	1,500,000	1,500,000	9/16/2025
BG - Hegeman Avenue Housing L.P.	1,650,000	1,650,000	6/9/2025
BG - Chelsea Residence Limited Partnership	1,000,000	1,000,000	1/16/2033
BG II - 1630 Dewey Avenue LLC	299,990	299,990	9/30/2025
BG II - Pitt Street L.P.	1,000,000	1,000,000	12/28/2021
BG II - Webster Avenue Affordable LLC	1,900,000	-	4/17/2024
BG IV - Andrews	500,000	500,000	4/17/2024
New York State Office of Mental Health:			
BG - Webster Avenue Affordable LLC	-	5,600,000	11/19/2018
BG - Webster Avenue Supportive LLC	10,527,782	8,682,463	4/30/2020
BG - Neighborhood Stabilization Program	1,604,706	1,781,176	6/9/2027
BG II - HOME Investment Partnership Program	573,953	573,953	8/31/2040
BG II - HUD Continuum of Care	300,000	300,000	9/30/2040
Total project grant advances	$ 22,611,431	$ 24,642,582	

7. MORTGAGES AND NOTES PAYABLE, NET

The various debt obligations outstanding as presented in the accompanying consolidated statements of financial position as of December 31, 2018 and 2017, respectively, consisted of the following:

Entity	Lender	2018	2017	Final Maturity Date	Interest Rate
BG	Mizuho Bank (USA)	$ 2,100,000	$ 3,100,000	10/16/2019	LIBOR plus 1.5%
BG	van Ameringen Foundation	750,000	750,000	8/1/2019	2%
BG	U.S. Department of Housing and Urban Development	13,179,600	13,179,600	12/1/2054	Non-interest bearing
BG	Wells Fargo Community Investment Holdings	600,000	600,000	12/26/2020	2%
BG	Wells Fargo Community Investment Holdings	600,000	600,000	5/30/2023	2%
T.S. Hotel LLC	NYC Department of Housing Preservation and Development	17,859,752	17,859,752	5/15/2025	1%
T.S. Hotel LLC	NYC Department of Housing Preservation and Development	10,990,355	10,990,355	7/1/2041	1%
T.S. Hotel LLC	M-Core Credit Corporation	526,647	620,253	8/15/2023	6.49%
BG IV	NYC Department of Housing Preservation and Development	2,362,940	2,362,940	1/5/2040	1%
BG IV	NYS Homeless Housing Assistance Corporation	5,698,300	5,698,300	1/5/2040	1%
BG IV	NYC Department of Housing Preservation and Development - Reso A	1,331,809	1,331,809	1/5/2040	1%
BG IV	MacArthur Foundation	-	1,000,000	10/1/2018	2%
BG IV	NYS Housing Finance Agency	581,000	581,000	1/5/2040	Non-interest bearing
BG II	Supportive Housing Solutions Fund LLC	-	443,702	9/1/2018	6%
BG II	Supportive Housing Solutions Fund LLC	300,323	6,750	1/1/2020	6%
Prince George Associates, L.P.	NYC Department of Housing Preservation and Development	12,566,230	12,562,528	11/1/2028	1%
Prince George Associates, L.P.	NYS Homeless Housing Assistance Corporation	4,000,000	4,000,000	11/1/2029	1%
Prince George Associates, L.P.	Low Income Investment Fund	-	2,747,404	4/27/2018	5%
Prince George Associates, L.P.	TD Bank, NA	-	2,747,391	4/27/2018	4%
90 Sands H.D.F.C.	NYC Department of Housing Preservation and Development	157,000,000	-	8/23/2021	2.91%
Chelsea Residence Limited Partnership	NYC Department of Housing Preservation and Development	16,498,597	16,492,919	5/15/2035	0.10%
Chelsea Residence Limited Partnership	NYS Homeless Housing Assistance Corporation	5,469,414	5,469,414	11/1/2029	1%
Schermerhorn L.P.	NYS Homeless Housing Assistance Corporation	6,749,800	6,749,800	4/30/2039	1%
Schermerhorn L.P.	NYC Department of Housing Preservation and Development	19,499,903	19,489,725	4/29/2038	1%
Pitt Street L.P.	NYC Department of Housing Preservation and Development	24,320,962	24,305,591	9/1/2041	1%
Pitt Street L.P.	NYS Homeless Housing Assistance Corporation	6,520,758	6,520,758	12/28/2040	1%
Brook Avenue Housing L.P.	NYC Department of Housing Preservation and Development	17,500,559	17,496,004	11/1/2040	1%
Brook Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	3,500,000	3,500,000	12/20/2039	1%
St Mark’s Brownsville L.P.	NYS Homeless Housing Assistance Corporation	1,803,300	1,803,300	3/29/2051	1%
St Mark’s Brownsville L.P.	NYC Department of Housing Preservation and Development - Reso A	692,899	691,128	11/26/2050	Non-interest bearing

Entity	Lender	2018	2017	Final Maturity Date	Interest Rate
410 Asylum Street, LLC	State of Connecticut	$ 2,000,000	$ 2,000,000	3/27/2038	1%
410 Asylum Street, LLC	City of Hartford	285,477	296,073	9/1/2042	1%
410 Asylum Street, LLC	Connecticut Housing Finance Authority	3,625,328	3,648,668	2/1/2043	5.25%
410 Asylum Street, LLC	Connecticut Housing Finance Authority	6,073,808	6,073,808	3/1/2041	Non-interest bearing
Hegeman Avenue Housing L.P.	NYC Department of Housing Preservation and Development	17,532,169	17,518,654	12/22/2042	1%
Hegeman Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	5,580,554	5,580,554	12/8/2039	1%
Hegeman Avenue Housing L.P.	New York Housing Finance Agency	910,209	910,209	5/1/2040	1%
Common Ground Cedarwoods Housing LLC	Connecticut Housing Finance Authority	5,605,967	5,603,694	10/1/2060	Non-interest bearing
Common Ground Cedarwoods Housing LLC	State of Connecticut	3,430,000	3,430,000	12/15/2060	Non-interest bearing
1630 Dewey Avenue LLC	NYS Homeless Housing Assistance Corporation	3,000,000	3,000,000	1/14/2043	1%
1630 Dewey Avenue LLC	Housing Trust Fund Corporation	1,652,232	1,651,135	8/3/2045	1%
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development	4,559,564	4,559,564	4/24/2047	Non-interest bearing
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development - Reso A	2,000,000	2,000,000	4/24/2047	Non-interest bearing
Boston Road Housing L.P.	NYS Homeless Housing Assistance Corporation	3,720,000	3,720,000	12/3/2042	1%
Boston Road Housing L.P.	NYS Housing Finance Agency	4,882,305	4,958,021	7/1/2046	2%
Boston Road Housing L.P.	NYS Housing Finance Agency	6,930,000	6,930,000	7/1/2046	6%
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development	3,680,436	3,680,436	1/13/2046	1%
Webster Avenue Affordable LLC	NYC Department of Housing Preservation and Development	17,360,000	17,360,000	7/31/2048	1%
Webster Avenue Affordable LLC	NYC Department of Housing Preservation and Development - Reso A	298,382	-	7/31/2048	1%
Webster Avenue Affordable LLC	NYS Homeless Housing Assistance Corporation	2,000,000	2,000,000	7/31/2048	Non-interest bearing
Webster Avenue Affordable LLC	NYC Housing Development Corporation	11,410,000	38,381,781	7/31/2048	5.70%
Webster Avenue Affordable LLC	NYC Housing Development Corporation	13,970,038	4,755,000	7/31/2048	1%
Webster Avenue Supportive LLC	NYC Department of Housing Preservation and Development	11,437,422	9,917,515	30 years after conversion	0.25%
Webster Avenue Supportive LLC	NYS Homeless Housing Assistance Corporation	2,470,000	2,006,938	30 years after occupancy	Non-interest bearing
Webster Avenue Supportive LLC	NYS Housing Finance Agency	28,889,655	28,842,215	ST-9/1/2019 / LT-7/1/2048	LT-4.75% / ST-2%
Webster Avenue Supportive LLC	NYS Housing Finance Agency	2,593,552	1,865,151	8/31/2048	6% during construction then 1%
La Central Supportive L.P.	NYC Department of Housing Preservation and Development	12,075,000	1,725,594	6/29/2019 or 55 years after conversion	0.25% or non-interest bearing
La Central Supportive L.P.	NYS Homeless Housing Assistance Corporation	1,643,579	-	30 years after conversion	Non-interest bearing
La Central Supportive L.P.	NYS Housing Finance Agency	24,143,855	8,656,765	ST-12/1/2019 / LT-2/1/2050	LT-4.5% / ST-2.3%
La Central Supportive L.P.	NYS Housing Finance Agency	2,952,696	2,522,812	2/1/2050	6% during construction then 1%
La Central Supportive L.P.	NYS Homeless Housing Assistance Corporation	216,428	208,880	6/29/2019 or 55 years after conversion	0.25% or non-interest bearing
Edwin's Place L.P.	NYS Housing Finance Agency	8,866,498	-	ST-10/1/2021 / LT-2/1/2051	LT-2.65% / ST-4.85%
Edwin's Place L.P.	NYS Housing Finance Agency	751,903	-	2/1/2051	0.50%
	Total mortgages and notes payable	$ 549,550,205	$ 377,503,890		

Included within mortgages and notes payable are debt issuance costs of $5,374,350 and $4,328,127, respectively at December 31, 2018 and 2017.

The following scheduled future principal payments, follow:

Year Ending December 31,	Amount
2019	$ 41,670,493
2020	860,216
2021	166,365,397
2022	588,710
2023	335,297
Thereafter	339,730,092
	$ 549,550,205

All loans made to Breaking Ground, for the purpose of acquiring real estate, are secured by the respective properties that they finance. Loans to housing entities for construction or acquisition are secured by the property of the respective entity. Some of the loans made for corporate purposes and for working capital needs are secured by various accounts receivable and deposit accounts and are subject to certain restrictive covenants. As of December 31, 2018 and 2017, respectively, Breaking Ground was in compliance with all financial and operating covenants.

Interest and service fees totaling $7,826,992 and $4,144,279 were expensed for the years ended December 31, 2018 and 2017, respectively.

8. GOVERNMENT GRANTS AND CONTRACTS

Government grants and contracts revenue recognized to the extent of related expenditures incurred for the years ended December 31, 2018 and 2017, respectively, was derived from the following Federal, New York City and state government agencies:

	2018	2017
NYC Department of Homeless Services	$ 25,967,667	$ 24,880,505
NYS Department of Health and Mental Hygiene	3,862,143	2,253,136
NYC HIV/AIDS Service Administration	2,435,652	2,517,125
NYS Office of Mental Health	1,190,857	325,247
U.S. Department of Housing and Urban Development	539,285	468,170
Dormitory Authority of the State of New York	426,480	-
NYS Office of Temporary and Disability Assistance	72,000	279,360
U.S. Department of Veteran Affairs	-	589,180
CT Department of Mental Health and Addiction Services	-	97,457
NYC Department of Design and Construction	-	1,897
	$ 34,494,084	$ 31,412,077

9. SALE OF TRANSFERRABLE DEVELOPMENT RIGHTS

On June 30, 2016, BG II, Prince George Associates L.P., and the City of New York, acting through its Department of Housing Preservation and Development (HPD), entered into an Inclusionary Housing Regulatory Agreement (Regulatory Agreement). The Regulatory Agreement required the preservation, through rehabilitation, of 415 affordable housing units and the operation of those units as affordable housing, in perpetuity, with rents not to exceed limits established by HPD.

Additionally, the Regulatory Agreement gave BG II the right to sell Transferable Development Rights (TDRs), as defined in the Regulatory Agreement, to third party developers. Each sale of TDRs was formalized by contractual agreements between BG II and third party developers with contracts that specifically mentioned the number of TDRs being purchased, the purchase price, and the requirements for transfer. There were no other contingencies related to the sale of TDRs to third party developers. Proceeds from TDR sales were required to be used to repay the construction loan related to rehabilitation work, create operating reserves, and pay BG II transaction fees. The rehabilitation work was completed on March 1, 2018 and the construction loan was repaid on April 17, 2018, which satisfied the requirements of the Regulatory Agreement and TDR contracts. As a result, the Organization recognized revenue from sales of TDRs at December 31, 2018 of $20,691,025.

10. DEFINED CONTRIBUTION PLANS

Breaking Ground sponsors a 403(b) Tax Deferred Savings Plan (the “403(b) Plan”) that covers all full-time non-union employees. Under the terms of the 403(b) Plan, employees may contribute any amount that would not exceed the limitations provided in the IRC or otherwise disqualify the 403(b) Plan. Breaking Ground made 403(b) Plan contributions totaling $458,984 and $392,059 for the years ended December 31, 2018 and 2017, respectively.

Breaking Ground sponsors a 457(b) Non-Qualified Deferred Compensation Retirement Plan (the “457(b) Plan”) that covers certain eligible employees (the “Participants”). The 457(b) Plan allows Participants to defer compensation until a future date, generally, separation of employment. In addition, the 457(b) Plan provides for a discretionary employer contribution. Participants’ employee and employer contributions to the 457(b) Plan are invested in individual accounts with the principal and earnings held for their benefit. As of December 31, 2018 and 2017, the liability relating to this plan totaled $217,139 and $193,566, respectively. The related assets are invested in equities and mutual funds that are classified as Level 1 in the fair value hierarchy.

11. COMMITMENTS AND CONTINGENCIES

Leases

Breaking Ground leases office space for its headquarters and space for its social services programs under operating leases expiring at various dates through 2027. Breaking Ground is obligated to pay annual rent and an additional amount based upon escalations in real estate taxes, maintenance and utility costs. Rent expense totaled $4,548,540 and $3,609,280 for the years ended December 31, 2018 and 2017, respectively. Estimated future minimum lease payments due under the terms of the leases follow:

	Amount
Year Ending December 31,	
2019	$ 4,045,274
2020	2,661,331
2021	1,815,546
2022	1,250,142
2023	453,909
Thereafter	587,889
	$ 10,814,091

Breaking Ground entered into commercial leases and subleases with various commercial third-party tenants under operating leases which expire at various dates through February 2024. Rental income from such leases totaled $1,496,800 and $1,671,322 for the years ended December 31, 2018 and 2017, respectively. Estimated future minimum receipts due under the terms of the leases follow:

	Amount
Year Ending December 31,	
2019	$ 960,174
2020	922,339
2021	573,379
2022	277,245
2023	255,714
Thereafter	151,435
	$ 3,140,286

Guarantees

Breaking Ground, through its affiliates, is the GP/MM and sponsor of the Housing Entities and has guaranteed the obligations of its general partnership entities to the respective limited partners/members, 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 or LLCs. These obligations of Breaking Ground to the respective entities are limited by both time and amounts as detailed in each partnership/operating agreement. As of December 31, 2018 and 2017, there were no outstanding unfunded guarantees.

Management Fee Guarantees

The property management fee is based on certain percentages of the monthly rents collected by the project, as defined per management agreement. The Housing Entities are obligated under various agreements with property management companies expiring on various dates, in connection with the management of the rental operations of the project.

Multiemployer Retirement Plan

Breaking Ground contributes to the New York Hotel Trades Council and Hotel Association of New York City, Inc., Pension Fund (the Fund), under, and on behalf of, certain employees. The Plan is subject to a collective bargaining agreement among Breaking Ground and the Hotel Association of New York City, Inc. and the New York Hotel and Motel Trades Council, AFL-CIO. The Fund is a multi-employer defined benefit pension plan. The risks of participating in multiemployer pension plans are different from single employer plans as assets contributed are available to provide benefits to employees of other employers and unfunded obligations from an employer that discontinues contributions are the responsibility of all remaining employers. In addition, in the event of a plan's termination by mass withdrawal or an organization's withdrawal from a plan, the Organization may be liable for a portion of the plan's unfunded vested benefits. Breaking Ground does not anticipate withdrawal from the Fund, nor is Breaking Ground aware of any expected plan termination event regarding the Fund.

The Fund was in safe status (green zone) for the plan years ending December 31, 2018 and 2017, because it was 96% and 90%, respectively, funded. The zone status is based on information that Breaking Ground received from the Fund and is certified by the Fund's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. For the years ended December 31, 2018 and 2017, Breaking Ground contributed $109,390 and $78,856, respectively, to the Fund, which is less than 5% of the plan's contributions.

Other Contingencies

Breaking Ground is subject to litigation and claims with respect to matters arising in the normal course of business. All claims have been forwarded to counsel for disposition. In the opinion of management, the ultimate outcomes from these claims will not materially affect the consolidated financial statements of Breaking Ground. Nevertheless, due to uncertainty of the settlement process, management's view of the outcome may be modified in the future.

Breaking Ground 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. (Breaking Ground 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 Breaking Ground.

12. LIQUIDITY AND AVAILABLE RESOURCES

Breaking Ground regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to cash and trade receivables, Breaking Ground also has lines of credit and equity equivalent investments at its disposal to meet general expenditures.

In determining assets available to meet general expenditures over the next 12 months, Breaking Ground only considered the current portion of total assets and excluded assets encumbered by lenders or restricted by donors.

Financial assets available for general expenditures within one year of December 31, 2018, follow:

Financial assets:	
Cash	$ 11,982,121
Accounts receivable	13,267,072
Development fees receivable	4,690,052
Total available resources	29,939,245
Less:	
Net assets with donor restrictions:	
Development purpose	(763,527)
Program purpose	(1,025,456)
Total financial assets available to management and general expenditure	$ 28,150,262

13. NATURAL CLASSIFICATION OF FUNCTIONAL EXPENSES

Breaking Ground summarizes the costs of providing and managing its various programs and supporting activities. Accordingly, certain operating costs are allocated amongst the benefiting program and supporting services, based on specific identification or applicable allocation methodologies such as square footage and time and effort.

Expenses by natural classification for the year ended December 31, 2018, consisted of the following:

	Program Services				Supportive Services				Housing Entities		Total Expenses	
	Social Services	Housing Management and Development	Permanent Housing Operations	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Not-for-Profit Entities	Permanent Housing Operations	Eliminations	2018	2017
Salaries	$ 14,967,827	$ 2,115,185	$ 3,378,021	$ 20,461,033	$ 4,128,008	$ 384,281	$ 4,512,289	$ 24,973,322	$ 2,984,875	$ -	$ 27,958,197	$ 26,723,111
Fringe benefits	4,523,979	979,459	953,832	6,457,270	1,069,253	106,553	1,175,806	7,633,076	1,111,102	-	8,744,178	8,292,818
Total personnel	19,491,806	3,094,644	4,331,853	26,918,303	5,197,261	490,834	5,688,095	32,606,398	4,095,977	-	36,702,375	35,015,929
Professional and management fees	4,529,627	19,152	263,021	4,811,800	488,874	-	488,874	5,300,674	2,267,005	(1,463,355)	6,104,324	5,183,358
Rent expense	3,905,319	120,221	146,656	4,172,196	794,394	-	794,394	4,966,590	238,063	(179,402)	5,025,251	3,937,979
Utilities	956,570	19,661	1,382,043	2,358,274	72,381	-	72,381	2,430,655	2,450,931	(234,620)	4,646,966	4,176,264
Security	2,491,367	-	621,235	3,112,602	52,491	-	52,491	3,165,093	2,523,483	(851,062)	4,837,514	4,094,376
Repairs and maintenance	954,240	7,564	1,273,460	2,235,264	144,349	-	144,349	2,379,613	2,186,818	(115,489)	4,450,942	4,115,983
Events and other fundraising	-	-	-	-	7,633	420,162	427,795	427,795	-	-	427,795	377,948
Insurance	690,760	24,385	386,793	1,101,938	102,533	-	102,533	1,204,471	930,710	(100,268)	2,034,913	1,833,044
Program supplies and expenses	2,727,772	8,243	237,469	2,973,484	290,562	-	290,562	3,264,046	-	609,089	3,873,135	3,546,128
Office expense	614,247	81,768	327,678	1,023,693	585,230	3,480	588,710	1,612,403	596,098	(4,415)	2,204,086	2,735,508
Conferences and events	108,686	56,951	15,862	181,499	261,931	434	262,365	443,864	51,488	-	495,352	543,536
Fees and other expense	125,776	80,859	207,027	413,662	1,110,626	142	1,110,768	1,524,430	2,222,278	(270,280)	3,476,428	2,592,692
Bad debt	56,256	-	204,870	261,126	635,470	-	635,470	896,596	242,693	-	1,139,289	961,384
Total expenses before depreciation and amortization	36,652,426	3,513,448	9,397,967	49,563,841	9,743,735	915,052	10,658,787	60,222,628	17,805,544	(2,609,802)	75,418,370	69,114,129
Interest and service fees	-	-	2,253,916	2,253,916	285,086	-	285,086	2,539,002	5,985,905	(697,915)	7,826,992	4,144,279
Depreciation and amortization	-	-	2,843,560	2,843,560	567,049	-	567,049	3,410,609	12,071,957	(286,916)	15,195,650	12,656,103
Total expenses	$ 36,652,426	$ 3,513,448	$ 14,495,443	$ 54,661,317	$ 10,595,870	$ 915,052	$ 11,510,922	$ 66,172,239	$ 35,863,406	$ (3,594,633)	$ 98,441,012	$ 85,914,511

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2018 and 2017, respectively, consisted of the following:

	2018	2017
Housing Operations and Tenant Services	$ 1,016,112	$ 817,356
Street to Home & Veterans Initiative	20,000	55,608
Webster Affordable Housing Development	-	265,711
Mott Haven Housing Development	813,527	217,231
HUD Capital Advance	8,120,984	8,279,725
Development Reserve	750,000	750,000
Time-restricted	160,000	295,000
90 Sands Housing Development	67,469	-
	$ 10,948,092	$ 10,680,631

15. NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2018 and 2017, respectively, net assets with donor restrictions were released from restrictions in satisfaction of donor time or purpose restrictions consisted of the following:

	2018	2017
Housing Operations and Tenant Services	$ 1,121,069	$ 876,403
Street to Home & Veterans Initiative	110,608	113,922
Webster Affordable Housing Development	265,711	-
Mott Haven Housing Development	153,704	32,769
HUD Capital Advance	258,741	255,616
Time-restricted	135,000	235,000
90 Sands Housing Development	67,531	-
90 Sands Building Acquisition	10,000,000	-
	$ 12,112,364	$ 1,513,710

16. RELATED PARTY TRANSACTIONS

Breaking Ground has members on its Board of Directors who are executives at organizations from which Breaking Ground receives services and to whom Breaking Ground provides services. Specifically, for one Director, Breaking Ground receives social services for its neediest tenants in some of Breaking Ground's supportive housing projects. Such services are funded by various government grants and contracts, the revenue from which is collected by both organizations, depending on which organization holds the government contract. For other Directors, Breaking Ground provides lease up and compliance services for affordable housing projects that are owned by the Directors' organization.

The accompanying consolidated statements of financial position includes the following balances between Breaking Ground and the related parties referred to above as of December 31, 2018 and 2017, respectively:

	2018	2017
Accounts receivable	$ 1,541,389	$ 1,345,647
Accounts payable and accrued expenses	557,330	641,617

The accompanying consolidated statements of activities includes the following balances between Breaking Ground and the related parties referred to above for the years December 31, 2018 and 2017, respectively:

	2018	2017
Government grants and contracts revenue	$ 3,869,698	$ 2,503,785
Other income	341,075	960,800
Social services expense	3,042,938	2,362,303

17. SUBSEQUENT EVENTS

Breaking Ground evaluated its December 31, 2018 consolidated financial statements for subsequent events through June 20, 2019, the date the consolidated financial statements were available to be issued. There were no subsequent events that management believes would require recognition or disclosure in the accompanying consolidated financial statements.

SUPPLEMENTARY INFORMATION

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES
Consolidating Schedule of Financial Position Information - Not-for-Profit Entities
As of December 31, 2018

ASSETS	Breaking Ground H.D.F.C.	Breaking Ground Management	Breaking Ground II H.D.F.C.	Breaking Ground III H.D.F.C.	Breaking Ground IV H.D.F.C.	Common Ground Jobs Training Corp.	General Partners	Not-for-Profit Entities Eliminations	Total Not-for-Profit Entities
CURRENT ASSETS									
Cash	$ 1,771,279	$ 1,140,655	$ 3,759,124	$ 103,293	$ 19,730	$ 187,228	$ 465,385	$ -	$ 7,446,694
Lender restricted cash	2,213,634	-	-	-	890	-	-	-	2,214,524
Accounts receivable, net	3,355,963	7,055,671	1,104,736	48,619	662,691	1,265	53,552	(299,328)	11,983,169
Advances due from affiliates	109,245,190	15,535,601	37,134,583	9,524	949,768	8,726,009	509,443	(159,938,113)	12,172,005
Development fee receivable	426,851	-	4,263,201	-	-	-	-	-	4,690,052
Other assets, net	351,264	631,832	72,205	-	9	4,041	-	-	1,059,351
Total current assets	117,364,181	24,363,759	46,333,849	161,436	1,633,088	8,918,543	1,028,380	(160,237,441)	39,565,795
NONCURRENT ASSETS									
Contractual reserves	9,781,555	-	8,569,195	-	962	565,204	-	-	18,916,916
Accounts receivable, net	14,064,600	374,792	-	-	-	-	610,000	(374,792)	14,674,600
Tenant security deposits	170,592	19,935	173,878	-	-	327,498	-	-	691,903
Development fees receivable	3,400,818	-	12,893,320	-	-	-	-	-	16,294,138
Affiliate notes and interest receivable	45,457,496	1,022,326	23,034,677	-	-	1,979,694	31,529	(25,479,796)	46,045,926
Investment in housing entities	(5,714)	-	(1,943,148)	(16,002)	-	-	7,842,047	-	5,877,183
Other assets, net	261,045	319,844	38,050	-	-	80,433	-	-	699,372
Property and equipment, net	35,254,423	903,732	211,938,209	-	12,006,498	228,020	-	-	260,330,882
Total noncurrent assets	108,384,815	2,640,629	254,704,181	(16,002)	12,007,460	3,180,849	8,483,576	(25,854,588)	363,530,920
Total assets	$ 225,748,996	$ 27,004,388	$ 301,038,030	$ 145,434	$ 13,640,548	$ 12,099,392	$ 9,511,956	$ (186,092,029)	$ 403,096,715
LIABILITIES AND NET ASSETS (DEFICIT)									
CURRENT LIABILITIES									
Accounts payable and accrued expenses	$ 970,008	$ 5,389,383	$ 862,448	$ 5,661	$ 76,225	$ -	$ 591,548	$ (299,328)	$ 7,595,945
Construction payable	-	-	108,373	-	-	-	-	-	108,373
Accrued interest payable - mortgages and notes	-	-	11,349	-	-	-	-	-	11,349
Advances due to affiliates	49,914,956	85,372,990	17,451,611	91,043	7,330,731	1,053,469	1,633,963	(159,938,113)	2,910,650
Deferred revenue	1,252,028	5,875,713	156,900	73,254	947,120	-	-	-	8,305,015
Project grant advances	176,471	-	-	-	-	-	-	-	176,471
Mortgages and notes payable	3,249,865	-	-	-	-	-	-	-	3,249,865
Total current liabilities	55,563,328	96,638,086	18,590,681	169,958	8,354,076	1,053,469	2,225,511	(160,237,441)	22,357,668
NONCURRENT LIABILITIES									
Security deposits	185,500	32,897	174,175	-	-	327,498	-	-	720,070
Other liabilities	-	217,139	902,381	-	-	-	-	(374,792)	744,728
Accrued interest payable - mortgages and notes	1,772,538	-	4,994,730	-	319,452	-	-	-	7,086,720
Deferred revenue	823,592	424,407	3,002,371	-	-	-	-	-	4,250,370
Project grant advances	17,861,017	-	4,073,943	-	500,000	-	-	-	22,434,960
Affiliate notes and interest payable	-	-	25,479,796	-	-	-	-	(25,479,796)	-
Mortgages and notes payable, net	43,356,489	-	173,866,553	-	9,974,049	-	-	-	227,197,091
Total noncurrent liabilities	63,999,136	674,443	212,493,949	-	10,793,501	327,498	-	(25,854,588)	262,433,939
Total liabilities	119,562,464	97,312,529	231,084,630	169,958	19,147,577	1,380,967	2,225,511	(186,092,029)	284,791,607
Net assets (deficit)									
Without donor restrictions	95,238,440	(70,308,141)	69,953,400	(24,524)	(5,507,029)	10,718,425	7,286,445	-	107,357,016
With donor restrictions	10,948,092	-	-	-	-	-	-	-	10,948,092
Total net assets (deficit)	106,186,532	(70,308,141)	69,953,400	(24,524)	(5,507,029)	10,718,425	7,286,445	-	118,305,108
Total liabilities and net assets	$ 225,748,996	$ 27,004,388	$ 301,038,030	$ 145,434	$ 13,640,548	$ 12,099,392	$ 9,511,956	$ (186,092,029)	$ 403,096,715

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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES
Consolidating Schedule of Activities Information – Not-for-Profit Entities
For the year ended December 31, 2018

	Breaking Ground H.D.F.C.	Breaking Ground Management	Breaking Ground II H.D.F.C.	Breaking Ground III H.D.F.C.	Breaking Ground IV H.D.F.C.	Common Ground Jobs Training Corp.	General Partners	Not-for-Profit Entities Eliminations	Total Not-for-Profit Entities	
REVENUES AND SUPPORT										
Contributions	$ 15,927,861	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,927,861	*
Government grants and contracts	4,881,764	23,661,436	1,974,697	299,359	3,676,828	-	-	-	34,494,084	
Management and partnership fees	-	2,437,552	-	-	-	-	170,000	(952,807)	1,654,745	
Development fees	-	-	7,414,564	-	-	-	-	-	7,414,564	
Rental income	7,937,196	1,406,704	4,670,619	-	11,011	341,126	-	(561,249)	13,805,407	
Other income (loss)	1,416,731	3,017,763	506,323	-	-	21,735	(1,539)	(104,441)	4,856,572	
Total revenues and support	30,163,552	30,523,455	14,566,203	299,359	3,687,839	362,861	168,461	(1,618,497)	78,153,233	
EXPENSES										
Program services:										
Social services	6,528,971	24,447,895	1,580,916	301,058	3,793,586	-	-	-	36,652,426	
Housing management and development	-	3,513,448	-	-	-	-	-	-	3,513,448	
Permanent housing operations	6,086,417	-	4,825,606	-	-	-	-	(1,514,056)	9,397,967	
Total program services	12,615,388	27,961,343	6,406,522	301,058	3,793,586	-	-	(1,514,056)	49,563,841	
Supporting services:										
General and administrative	1,253,405	8,046,523	39,152	401	-	106,008	298,246	-	9,743,735	
Fundraising	915,052	-	-	-	-	-	-	-	915,052	
Depreciation and amortization	1,706,761	82,260	1,142,554	-	408,626	70,408	-	-	3,410,609	
Interest and service fees	500,282	157,583	1,944,901	-	35,672	5,005	-	(104,441)	2,539,002	
Total supporting services	4,375,500	8,286,366	3,126,607	401	444,298	181,421	298,246	(104,441)	16,608,398	
Total expenses	16,990,888	36,247,709	9,533,129	301,459	4,237,884	181,421	298,246	(1,618,497)	66,172,239	
Change in net assets before other non-recurring items	13,172,664	(5,724,254)	5,033,074	(2,100)	(550,045)	181,440	(129,785)	-	11,980,994	*
Other non-recurring item:										
Sale of transferrable development rights, net	-	-	20,691,025	-	-	-	-	-	20,691,025	
Changes in net assets	13,172,664	(5,724,254)	25,724,099	(2,100)	(550,045)	181,440	(129,785)	-	32,672,019	
Net assets (deficit), beginning of year	93,013,868	(64,583,887)	44,229,301	(22,424)	(4,956,984)	10,536,985	7,416,230	-	85,633,089	
Net assets (deficit), end of year	$ 106,186,532	$ (70,308,141)	$ 69,953,400	$ (24,524)	$ (5,507,029)	$ 10,718,425	$ 7,286,445	$ -	$ 118,305,108	

* These amounts include both with and without donor restrictions.

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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES
Consolidating Schedule of Financial Position Information – Housing Entities
As of December 31, 2018

ASSETS	Chelsea Residence Limited Partnership	Schermerhorn L.P.	Pitt Street L.P.	Brook Avenue Housing L.P.	St. Marks Brownsville L.P.	410 Asylum Street (Combined)	Hegeman Avenue Housing L.P.	Common Ground Cedarwoods Housing LLC	1630 Dewey Avenue LLC	Boston Road Housing L.P.	Webster Avenue Affordable LLC	Webster Avenue Supportive LLC	La Central Supportive L.P.	Edwin's Place L.P.	Housing Entities Eliminations	Total Housing Entities
CURRENT ASSETS																
Cash	$ 396,202	$ 155,424	$ 546,643	$ 310,000	$ 173,394	$ 785,699	$ 813,843	$ 6,529	$ 108,878	$ 548,372	$ 660,511	$ 29,932	$ -	$ -	$ -	$ 4,535,427
Lender restricted cash	-	-	-	-	-	-	-	-	-	-	-	57,166	875	16,623	-	74,664
Contractual reserves	-	-	208	-	-	102,087	-	-	-	-	-	146,726	-	-	-	249,021
Accounts receivable, net	111,185	201,656	229,325	202,303	70,499	10,281	266,792	23,335	4,090	73,323	708,571	266,458	-	-	-	2,167,818
Advances due from affiliates	14,773	1,327,416	605,542	962,881	-	-	-	38	-	-	-	470,700	-	-	(470,700)	2,910,650
Other assets, net	35,757	5,758	11,767	9,948	2,241	-	4,711	-	25,773	5,361	5,585	4,031	-	-	-	110,932
Total current assets	557,917	1,690,254	1,393,485	1,485,132	246,134	898,067	1,085,346	29,902	138,741	627,056	1,374,667	975,013	875	16,623	(470,700)	10,048,512
NONCURRENT ASSETS																
Contractual reserves	1,380,573	500,512	461,833	330,110	1,022,151	1,159,830	250,057	711,033	703,747	1,899,429	435,823	-	-	-	-	8,855,098
Tenant security deposits	44,363	90,849	71,397	49,830	12,880	59,949	35,911	37,115	33,056	27,178	152,225	-	-	-	-	614,753
Other assets, net	624	-	38,699	27,578	38,952	116,767	-	23,892	42,664	15,650	149,807	49,770	-	-	-	504,403
Property and equipment, net	19,247,819	43,959,061	46,364,312	29,818,267	20,245,351	16,675,463	34,071,502	10,774,565	12,319,883	45,663,279	81,517,662	59,851,159	51,336,985	12,449,647	-	484,294,955
Total noncurrent assets	20,673,379	44,550,422	46,936,241	30,225,785	21,319,334	18,012,009	34,357,470	11,546,605	13,099,350	47,605,536	82,255,517	59,900,929	51,336,985	12,449,647	-	494,269,209
Total assets	$ 21,231,296	$ 46,240,676	$ 48,329,726	$ 31,710,917	$ 21,565,468	$ 18,910,076	$ 35,442,816	$ 11,576,507	$ 13,238,091	$ 48,232,592	$ 83,630,184	$ 60,875,942	$ 51,337,860	$ 12,466,270	$ (470,700)	$ 504,317,721
LIABILITIES AND PARTNERS'/MEMBERS' EQUITY (DEFICIT)																
CURRENT LIABILITIES																
Accounts payable and accrued expenses	$ 202,823	$ 450,646	$ 321,398	$ 174,456	$ 130,261	$ 81,135	$ 180,012	$ 46,454	$ 114,693	$ 217,796	$ 267,995	$ 157,515	$ -	$ -		$ 2,345,184
Construction payable	4,914	-	-	-	-	-	-	-	-	25,000	235,496	1,473,623	4,662,003	2,281,314	-	8,682,350
Accrued interest payable - mortgages and notes	-	-	-	-	-	16,129	-	-	-	-	-	-	-	-	-	16,129
Advances due to affiliates	557,299	1,810,491	597	-	2,971,061	3,112,132	21,716	319,412	-	1,086,848	1,310,876	1,326,317	67,280	58,676	(470,700)	12,172,005
Development fee payable	-	-	-	-	426,851	-	-	-	-	-	5,784,402	1,371,000	-	-	-	7,582,253
Mortgages and notes payable	-	-	-	-	-	38,309	-	-	-	108,464	-	14,130,000	24,143,855	-	-	38,420,628
Total current liabilities	765,036	2,261,137	321,995	174,456	3,528,173	3,247,705	201,728	365,866	114,693	1,438,108	7,598,769	18,458,455	28,873,138	2,339,990	(470,700)	69,218,549
NONCURRENT LIABILITIES																
Security deposits	44,363	90,849	71,397	49,830	12,642	56,949	35,911	36,120	33,056	27,730	152,757	11,658	-	-	-	623,262
Other liabilities	-	60,000	-	470,000	-	100,000	-	33,312	-	-	-	-	-	-	-	663,312
Accrued interest payable - mortgages and notes	1,032,705	2,397,437	2,487,658	1,805,806	168,305	271,876	1,462,869	-	237,019	1,651,318	-	-	-	-	-	11,514,993
Development fees payable	-	2,807,669	3,949,948	1,764,753	593,149	-	-	-	-	1,313,272	2,215,598	1,083,837	5,240,279	7,879	-	18,976,384
Affiliate notes and interest payable	1,000,000	708,840	2,753,086	1,537,500	14,862,621	699,754	4,890,664	1,113,054	1,456,704	2,098,641	4,397,279	10,527,783	-	-	-	46,045,926
Mortgages and notes payable, net	21,968,011	26,249,703	30,841,720	21,000,559	2,496,199	11,946,304	24,022,932	9,035,967	4,652,232	25,663,841	45,038,420	31,260,629	16,887,703	9,618,401	-	280,682,621
Total noncurrent liabilities	24,045,079	32,314,498	40,103,809	26,628,448	18,132,916	13,074,883	30,412,376	10,218,453	6,379,011	30,754,802	51,804,054	42,883,907	22,127,982	9,626,280	-	358,506,498
Total liabilities	24,810,115	34,575,635	40,425,804	26,802,904	21,661,089	16,322,588	30,614,104	10,584,319	6,493,704	32,192,910	59,402,823	61,342,362	51,001,120	11,966,270	(470,700)	427,725,047
Partners'/members' equity (deficit)																
Controlling interest	(983)	(1,675)	(1,376)	(1,206)	(106)	1,274,260	(803)	(301)	1,708,625	(306)	(530)	(300)	-	-	-	2,975,299
Noncontrolling interest	(3,577,836)	11,666,716	7,905,298	4,909,219	(95,515)	1,313,228	4,829,515	992,489	5,035,762	16,039,988	24,227,891	(466,120)	336,740	500,000	-	73,617,375
Total partners'/members' equity (deficit)	(3,578,819)	11,665,041	7,903,922	4,908,013	(95,621)	2,587,488	4,828,712	992,188	6,744,387	16,039,682	24,227,361	(466,420)	336,740	500,000	-	76,592,674
Total liabilities and partners'/members' equity	$ 21,231,296	$ 46,240,676	$ 48,329,726	$ 31,710,917	$ 21,565,468	$ 18,910,076	$ 35,442,816	$ 11,576,507	$ 13,238,091	$ 48,232,592	$ 83,630,184	$ 60,875,942	$ 51,337,860	$ 12,466,270	$ (470,700)	$ 504,317,721

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

BREAKING GROUND HOUSING DEVELOPMENT FUND CORPORATION AND AFFILIATES
Consolidating Schedule of Activities Information - Housing Entities
For the year ended December 31, 2018

	Chelsea Residence Limited Partnership	Schermerhorn L.P.	Pitt Street L.P.	Brook Avenue Housing L.P.	St. Marks Brownsville L.P.	410 Asylum Street (Combined)	Hegeman Avenue Housing L.P.	Common Ground Cedarwoods Housing LLC	1630 Dewey Avenue LLC	Boston Road Housing L.P.	Webster Avenue Affordable LLC	Webster Avenue Supportive LLC	Housing Entities Eliminations	Total Housing Entities
REVENUES AND SUPPORT														
Rental income	$ 2,132,944	$ 2,189,123	$ 2,539,487	$ 2,017,623	$ 1,067,142	$ 984,845	$ 1,730,872	$ 482,545	$ 602,888	$ 1,863,301	$ 2,208,424	$ 257,864	$ -	$ 18,077,058
Other income	111,966	131,519	98,844	72,279	154,331	79,882	62,016	14,192	22,414	35,141	133,151	395,511	-	1,311,246
Total revenues and support	2,244,910	2,320,642	2,638,331	2,089,902	1,221,473	1,064,727	1,792,888	496,737	625,302	1,898,442	2,341,575	653,375	-	19,388,304
EXPENSES														
Program services:														
Permanent housing operations	1,905,182	2,209,397	2,484,961	2,145,713	1,136,242	876,637	1,708,175	520,958	525,863	1,481,893	1,687,121	1,123,402	-	17,805,544
Total program services	1,905,182	2,209,397	2,484,961	2,145,713	1,136,242	876,637	1,708,175	520,958	525,863	1,481,893	1,687,121	1,123,402	-	17,805,544
Supporting services:														
Depreciation and amortization	636,046	1,455,793	1,268,220	992,449	799,754	615,526	1,092,498	377,282	468,193	1,206,403	2,030,350	1,129,443	-	12,071,957
Interest and service fees	89,918	274,796	417,999	231,627	533,007	229,260	286,922	12,708	53,652	578,551	1,878,457	1,399,008	-	5,985,905
Total supporting services	725,964	1,730,589	1,686,219	1,224,076	1,332,761	844,786	1,379,420	389,990	521,845	1,784,954	3,908,807	2,528,451	-	18,057,862
Total expenses	2,631,146	3,939,986	4,171,180	3,369,789	2,469,003	1,721,423	3,087,595	910,948	1,047,708	3,266,847	5,595,928	3,651,853	-	35,863,406
Net (loss)	$ (386,236)	$ (1,619,344)	$ (1,532,849)	$ (1,279,887)	$ (1,247,530)	$ (656,696)	$ (1,294,707)	$ (414,211)	$ (422,406)	$ (1,368,405)	$ (3,254,353)	$ (2,998,478)	$ -	$ (16,475,102)

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