

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

**Breaking Ground Housing Development Fund  
Corporation and Affiliates**

December 31, 2021 and 2020

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

**Opinion**

We have audited the 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, 2021 and 2020, 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.

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

We did not audit the financial statements of BG Betances L.P., 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, Boston Road Housing L.P., Webster Avenue Affordable LLC, Webster Avenue Supportive LLC, La Central Supportive L.P., and Edwin's Place L.P. (collectively, the "Controlled Housing Entities"), which statements reflect total assets constituting \$616,103,651, or 64% and \$555,930,129, or 58% of consolidated total assets as of December 31, 2021 and 2020, respectively, and total revenues of \$27,635,371, or 27% and \$27,520,504, or 30% of consolidated total revenues for the years then ended December 31, 2021 and 2020, respectively. 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 reports the of the other auditors

**Basis for opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Breaking Ground and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Breaking Ground's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Breaking Ground's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**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, 2021, 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 22, 2022

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2021 and 2020, with Consolidating Information as of December 31, 2021**

	2021			2020	
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 17,567,381	\$ 8,381,091	\$ -	\$ 25,948,472	\$ 24,441,041
Lender restricted cash	2,242,153	5,952	-	2,248,105	2,588,301
Contractual reserves	-	1,764,814	-	1,764,814	1,431,191
Accounts receivable, net	20,446,327	2,820,432	(1,183,190)	22,083,569	19,934,731
Advances due from affiliates	10,431,806	2,847,849	(13,279,655)	-	-
Development fees receivable	7,288,294	-	-	7,288,294	4,025,235
Other assets, net	1,213,111	529,541	-	1,742,652	2,291,368
Total current assets	<u>59,189,072</u>	<u>16,349,679</u>	<u>(14,462,845)</u>	<u>61,075,906</u>	<u>54,711,867</u>
<b>NONCURRENT ASSETS</b>					
Contractual reserves	24,742,915	10,125,856	-	34,868,771	34,041,913
Accounts receivable, net	14,139,136	-	(820,000)	13,319,136	13,458,902
Tenant security deposits	657,186	658,368	-	1,315,554	1,307,102
Development fees receivable	28,102,294	-	(25,391,724)	2,710,570	5,765,088
Affiliate notes and interest receivable	43,282,012	-	(43,282,012)	-	-
Investment in Housing Entities	699,720	-	(699,720)	-	-
Other assets, net	882,112	605,320	-	1,487,432	1,386,004
Property and equipment, net	325,343,781	588,364,428	(21,670,492)	892,037,717	848,755,944
Total noncurrent assets	<u>437,849,156</u>	<u>599,753,972</u>	<u>(91,863,948)</u>	<u>945,739,180</u>	<u>904,714,953</u>
Total assets	<u>\$ 497,038,228</u>	<u>\$ 616,103,651</u>	<u>\$ (106,326,793)</u>	<u>\$ 1,006,815,086</u>	<u>\$ 959,426,820</u>

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, 2021 and 2020, with Consolidating Information as of December 31, 2021**

	2021			2020	
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 14,497,898	\$ 4,358,829	\$ (1,572,775)	\$ 17,283,952	\$ 11,835,498
Construction payable	2,856,451	3,101,896	-	5,958,347	6,979,528
Accrued interest payable - mortgages and notes	-	15,537	-	15,537	15,682
Advances due to affiliates	2,847,849	10,431,806	(13,279,655)	-	-
Deferred revenue	10,330,932	465,575	-	10,796,507	12,129,334
Project grant advances	176,471	-	-	176,471	176,471
Development fees payable	1,000,000	7,245,626	-	8,245,626	5,750,335
Mortgages and notes payable	<u>5,912,967</u>	<u>967,685</u>	<u>-</u>	<u>6,880,652</u>	<u>1,216,904</u>
Total current liabilities	<u>37,622,568</u>	<u>26,586,954</u>	<u>(14,852,430)</u>	<u>49,357,092</u>	<u>38,103,752</u>
<b>NONCURRENT LIABILITIES</b>					
Security deposits	827,745	655,378	-	1,483,123	1,308,546
Other liabilities	1,102,304	907,320	(820,000)	1,189,624	1,061,348
Accrued interest payable - mortgages and notes	24,379,270	17,876,834	-	42,256,104	34,156,839
Deferred revenue	6,667,764	-	(5,481,133)	1,186,631	1,124,430
Project grant advances	12,377,766	-	-	12,377,766	12,554,237
Development fees payable	3,000,000	27,658,727	(25,391,724)	5,267,003	8,582,200
Affiliate notes and interest payable	-	43,282,012	(43,282,012)	-	-
Mortgages and notes payable, net	<u>303,480,075</u>	<u>379,903,781</u>	<u>-</u>	<u>683,383,856</u>	<u>659,236,512</u>
Total noncurrent liabilities	<u>351,834,924</u>	<u>470,284,052</u>	<u>(74,974,869)</u>	<u>747,144,107</u>	<u>718,024,112</u>
Total liabilities	<u>389,457,492</u>	<u>496,871,006</u>	<u>(89,827,299)</u>	<u>796,501,199</u>	<u>756,127,864</u>
Commitments and contingencies					
<b>NET ASSETS</b>					
Without donor restrictions					
Controlling interest	87,892,154	2,971,467	(15,699,494)	75,164,127	86,871,733
Noncontrolling interest	-	116,261,178	(800,000)	115,461,178	99,960,779
With donor restrictions	<u>19,688,582</u>	<u>-</u>	<u>-</u>	<u>19,688,582</u>	<u>16,466,444</u>
Total net assets	<u>107,580,736</u>	<u>119,232,645</u>	<u>(16,499,494)</u>	<u>210,313,887</u>	<u>203,298,956</u>
Total liabilities and net assets	<u>\$ 497,038,228</u>	<u>\$ 616,103,651</u>	<u>\$ (106,326,793)</u>	<u>\$ 1,006,815,086</u>	<u>\$ 959,426,820</u>

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

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**As of December 31, 2021 and 2020, with Consolidating Information as of December 31, 2021**

	2021			2020	
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Revenues and support without donor restrictions:					
Contributions	\$ 3,821,547	\$ -	\$ -	\$ 3,821,547	\$ 4,506,189
Government grants and contracts	45,888,518	-	-	45,888,518	38,868,436
Management and partnership fees	2,194,646	-	(1,729,320)	465,326	350,522
Development fees	2,752,417	-	178,083	2,930,500	1,754,917
Rental income	15,290,296	24,859,983	(2,143,238)	38,007,041	36,396,237
Other income	4,082,675	2,775,388	(829,344)	6,028,719	6,434,710
Net assets released from restrictions	<u>3,592,337</u>	<u>-</u>	<u>-</u>	<u>3,592,337</u>	<u>2,001,547</u>
Total revenues and support	<u>77,622,436</u>	<u>27,635,371</u>	<u>(4,523,819)</u>	<u>100,733,988</u>	<u>90,312,558</u>
Expenses:					
Social services	46,816,073	-	(165,237)	46,650,836	39,257,425
Housing management and development	4,188,914	-	-	4,188,914	4,217,594
Permanent housing operations	12,154,899	22,419,658	(3,660,593)	30,913,964	29,326,525
Supportive services	11,322,538	-	(219,311)	11,103,227	10,960,373
General and administrative	887,426	-	-	887,426	917,905
Fundraising	782,746	-	-	782,746	538,441
Depreciation and amortization	4,472,301	15,180,444	(427,224)	19,225,521	16,947,485
Interest and service fees	<u>5,807,887</u>	<u>7,152,033</u>	<u>(711,105)</u>	<u>12,248,815</u>	<u>12,027,889</u>
Total expenses	<u>86,432,784</u>	<u>44,752,135</u>	<u>(5,183,470)</u>	<u>126,001,449</u>	<u>114,193,637</u>
Change in net assets before other non-recurring items	(8,810,348)	(17,116,764)	659,651	(25,267,461)	(23,881,079)
Other non-recurring items:					
Gain on forgiveness of PPP Loans and Interest	1,318,698	-	-	1,318,698	-
Transfer of LP interest	<u>(5,972,170)</u>	<u>-</u>	<u>5,972,170</u>	<u>-</u>	<u>-</u>
(Decrease) increase in net assets without donor restrictions	<u>(13,463,820)</u>	<u>(17,116,764)</u>	<u>6,631,821</u>	<u>(23,948,763)</u>	<u>(23,881,079)</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Revenues and support with donor restrictions:					
Contributions	6,814,475	-	-	6,814,475	5,648,495
Net assets released from restrictions	<u>(3,592,337)</u>	<u>-</u>	<u>-</u>	<u>(3,592,337)</u>	<u>(2,001,547)</u>
Increase in net assets with donor restrictions	<u>3,222,138</u>	<u>-</u>	<u>-</u>	<u>3,222,138</u>	<u>3,646,948</u>
Change in net assets	(10,241,682)	(17,116,764)	6,631,821	(20,726,625)	(20,234,131)
Excess of expenses over revenues and support attributable to noncontrolling interests	<u>-</u>	<u>17,115,062</u>	<u>-</u>	<u>17,115,062</u>	<u>15,791,875</u>
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	<u>\$ (10,241,682)</u>	<u>\$ (1,702)</u>	<u>\$ 6,631,821</u>	<u>\$ (3,611,563)</u>	<u>\$ (4,442,256)</u>

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**

**As of December 31, 2021 and 2020, with Consolidating Information as of December 31, 2021**

	Net Assets Without Donor Restrictions			Net Assets	Consolidated
	Controlling	Noncontrolling	Total	With Donor Restrictions	
<b>Beginning balance, January 1, 2020</b>	\$ 94,960,937	\$ 90,960,603	\$ 185,921,540	\$ 12,819,496	\$ 198,741,036
Contributions from investors	-	24,792,051	24,792,051	-	24,792,051
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(15,791,875)	(15,791,875)	-	(15,791,875)
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	<u>(8,089,204)</u>	<u>-</u>	<u>(8,089,204)</u>	<u>3,646,948</u>	<u>(4,442,256)</u>
<b>Ending balance, December 31, 2020</b>	\$ 86,871,733	\$ 99,960,779	\$ 186,832,512	\$ 16,466,444	\$ 203,298,956
Contributions from investors	-	28,541,556	28,541,556	-	28,541,556
Distribution to investor	-	(800,000)	(800,000)	-	(800,000)
Transfer of ownership of Chelsea Residence Limited Partnership to BG III	(4,873,905)	4,873,905	-	-	-
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(17,115,062)	(17,115,062)	-	(17,115,062)
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	<u>(6,833,701)</u>	<u>-</u>	<u>(6,833,701)</u>	<u>3,222,138</u>	<u>(3,611,563)</u>
<b>Ending balance, December 31, 2021</b>	<u>\$ 75,164,127</u>	<u>\$ 115,461,178</u>	<u>\$ 190,625,305</u>	<u>\$ 19,688,582</u>	<u>\$ 210,313,887</u>

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**

**As of December 31, 2021 and 2020, with Consolidating Information as of December 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (20,726,625)	\$ (20,234,131)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	19,225,521	16,947,485
Amortization of debt issuance costs	255,719	278,517
Gain on forgiveness of loans and interest	(1,318,698)	-
(Increase) decrease in operating assets:		
Accounts receivable, net	(2,009,072)	(4,147,884)
Other assets, net	405,932	(596,549)
Development fees receivable	(208,541)	3,799,457
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	5,448,454	1,626,266
Security deposits	174,577	18,091
Other liabilities	128,276	134,306
Accrued interest payable - mortgages and notes	8,114,739	8,074,708
Deferred revenue	(1,270,626)	(843,197)
Project grant advances	(176,471)	823,530
Development fees payable	<u>(819,906)</u>	<u>(4,622,995)</u>
Net cash provided by operating activities	<u>7,223,279</u>	<u>1,257,604</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in contractual reserves	(1,160,481)	(6,536,219)
Payments on construction payable	(55,662,124)	(61,213,139)
Capital expenditures	<u>(7,824,995)</u>	<u>(9,898,013)</u>
Net cash used in investing activities	<u>(64,647,600)</u>	<u>(77,647,371)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contributions received from investors	28,541,556	24,792,051
Distributions paid to investors	(800,000)	-
Proceeds from loans	62,608,196	93,268,589
Repayments of loans	<u>(31,749,744)</u>	<u>(30,954,379)</u>
Net cash provided by financing activities	<u>58,600,008</u>	<u>87,106,261</u>
Net increase in cash and restricted cash	1,175,687	10,716,494
Cash and restricted cash, beginning of year	<u>28,336,444</u>	<u>17,619,950</u>
Cash and restricted, end of year	<u>\$ 29,512,131</u>	<u>\$ 28,336,444</u>
Supplemental disclosure of information:		
Cash paid for interest	\$ 604,263	\$ 659,747
Supplemental schedule of non-cash investing and financing activities:		
Construction payable capitalized to rental property	\$ 54,640,943	\$ 59,068,904

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

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

**NOTE 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 (“HDFC”s), for-profit limited partnerships (“LP”s), limited liability corporations (“LLC”s), and C-corporations. All Breaking Ground entities are affiliated, 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 New Yorkers. 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 threefold:

***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 (“U.S. GAAP”). The HDFC entities of Breaking Ground were organized under Section 402 of the Not-for-Profit Corporation Law and pursuant to Article XI of the Private Housing Finance Law 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 Housing Development Fund Corporation and Affiliates**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

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, 90 Sands Housing Development Fund Corporation, and BG Sutphin 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.

On June 30, 2021, the partnership agreement of Chelsea Residence Limited Partnership was further amended to execute an assignment and assumption of membership interest. BG III assumed the 99.99% interest of the former investor limited partner and 0% interest of the former special limited partner. The balance of the former investor limited partner’s capital account at June 30, 2021, was accounted for as an addition to the capital account of the GP.

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. BGM is also the controlling member of Breaking Ground VI LLC (“BG VI”), organized on June 15, 2021, under the New York Limited Liability Company Law for the purpose of engaging in any lawful act or activity for which limited liability companies may be formed under the Act and to engage in any and all activities necessary or incidental thereto.

Nonprofit Transaction Assistance Corporation, (“NTAC”), was formed on May 24, 2021, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 8 of the Delaware Code, known and referred to as the “General Corporation Law”). NTAC was formed for the charitable purposes of strengthening communities and bolstering the financial and operational condition and capabilities of nonprofit organizations serving those communities and as a result, is exempt from income and excise taxes under Section 501(c)(3) of the IRC.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

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:

<b>Limited Partnership/ Limited Liability Corporation</b>	<b>General Partner/Managing Member</b>
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 Owner LLC	BG Sutphin LLC

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

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared under the accrual basis of accounting in accordance with U.S. 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.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

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 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***

Breaking Ground recognizes revenue when a control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration Breaking Ground expects to be entitled to in exchange for those goods or services.

Management and partnership fees revenue are recognized evenly over the management and partnership fee term as its partners simultaneously receive and consume the benefits over that timeframe.

Development fees revenue is recognized over time in the years earned based on milestones established in the partnership or operating agreements. 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,

## Breaking Ground Housing Development Fund Corporation and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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 and other income, including rent and fees from the operation of low-income housing projects and tenants, revenue are recognized evenly over the lease terms as tenants simultaneously receive and consume the benefits over that timeframe. 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.

Breaking Ground recognizes government and private contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, contract and grant agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor and Breaking Ground has limited discretion over how funds transferred should be spent. As such, Breaking Ground recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

Breaking Ground reports contributions within net assets with donor restrictions if such gifts are restricted by the donor to a specific program and/or include an explicit or implied time restriction. Expirations of restrictions on net assets (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. Gifts whose donor-stipulated purposes are met in the same year as received are reported within net assets without donor restrictions.

As of December 31, 2021, grants and contributions receivable of approximately \$18.0 million were due to be collected within one year, and approximately \$140,000 was due to be collected in 2023. As of December 31, 2020, grants and contributions receivable of approximately \$16.7 million were due to be collected within one year, and approximately \$280,000 was due to be collected in 2022. These amounts are included within accounts receivable, net, in the accompanying consolidated statements of financial position.

As of December 31, 2021 and 2020, Breaking Ground's outstanding conditional contributions totaled approximately \$93 million and \$92 million, respectively, which will be recognized as revenue as conditions are met.

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.

#### ***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, 2021 and 2020 totaled \$9,998,864 and \$9,790,323, 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.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

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. The allowance for doubtful accounts balance as of December 31, 2021 and 2020 totaled \$1,981,081 and \$2,443,820, respectively.

***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; and
- 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:

<u>Property Classification</u>	<u>Estimated Useful Lives</u>
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.



## **Breaking Ground Housing Development Fund Corporation and Affiliates**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

#### ***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, 2021 and 2020, 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 consolidated 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 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 U.S. 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.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

***Reclassifications***

Certain information in the fiscal 2020 consolidated financial statements has been reclassified to conform to the fiscal 2021 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2020 consolidated financial statements.

**NOTE 3 - ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net, as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Note receivable	\$ 13,179,600	\$ 13,179,600
Government grants and contracts	17,427,851	15,250,890
Housing Entities receivables	3,113,883	2,598,852
Contribution receivables	704,086	1,709,940
Tenant accounts receivables	2,006,048	1,266,456
Other	<u>952,318</u>	<u>1,831,715</u>
Accounts receivable, gross	37,383,786	35,837,453
Less: allowance for doubtful accounts	<u>(1,981,081)</u>	<u>(2,443,820)</u>
Accounts receivable, net	<u>\$ 35,402,705</u>	<u>\$ 33,393,633</u>

**NOTE 4 - LENDER RESTRICTED CASH AND CONTRACTUAL RESERVES**

Under the terms of the various partnership agreements, operating 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 partnership or operating agreements.

Lender restricted cash and contractual reserves, at fair value, as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 20,926,306	\$ 20,750,655
Certificate of deposit	1,800,000	1,800,000
Treasury bills	<u>16,155,384</u>	<u>15,510,750</u>
Total	<u>\$ 38,881,690</u>	<u>\$ 38,061,405</u>

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

Breaking Ground's lender restricted cash and contractual reserves classified within the fair value hierarchy as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	
		<u>Total</u>
Cash and cash equivalents		\$ 20,926,306
	<u>Level 2</u>	
Certificate of deposit	\$ 1,800,000	1,800,000
Treasury bills	16,155,384	16,155,384
	<u>\$ 17,955,384</u>	<u>\$ 38,881,690</u>
Total		
	<u>2020</u>	
		<u>Total</u>
Cash and cash equivalents		\$ 20,750,655
	<u>Level 2</u>	
Certificate of deposit	\$ 1,800,000	1,800,000
Treasury bills	15,510,750	15,510,750
	<u>\$ 17,310,750</u>	<u>\$ 38,061,405</u>
Total		

Interest income for the years ended December 31, 2021 and 2020 totaled \$956,276 and \$1,220,692, respectively, and is recorded as other income within the consolidated statements of activities. Contractual reserve fees for the years ended December 31, 2021 and 2020 totaled \$388,353 and \$327,938, respectively, and are recorded as interest and service fees within the consolidated statements of activities.

**NOTE 5 - CONSOLIDATED STATEMENTS OF CASH FLOWS**

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts in the consolidated statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 25,948,472	\$ 24,441,041
Lender restricted cash	2,248,105	2,588,301
Tenant security deposits	1,315,554	1,307,102
	<u>\$ 29,512,131</u>	<u>\$ 28,336,444</u>
Total cash and restricted cash shown in the consolidated statements of cash flows		

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

Amounts included in restricted cash are comprised of lender restricted cash and security deposits held in trust for the future benefit of tenants upon moving out of the property as required by the regulatory authority.

**NOTE 6 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 684,848,081	\$ 684,835,346
Leasehold improvements	4,742,807	4,742,807
Furniture and equipment	22,238,590	21,895,888
Land improvements	10,384,056	10,384,056
	<u>722,213,534</u>	<u>721,858,097</u>
Total depreciable assets		
Less: accumulated depreciation	(195,049,846)	(175,865,681)
	<u>527,163,688</u>	<u>545,992,416</u>
Total depreciable assets net of depreciation		
Land	46,787,079	45,168,365
Construction-in-progress	318,086,950	257,595,163
	<u>\$ 892,037,717</u>	<u>\$ 848,755,944</u>
Total property and equipment, net		

Depreciation and amortization expense totaled \$19,225,521 and \$16,947,485 for the years ended December 31, 2021 and 2020, respectively. An ongoing construction-in-progress project relating to 90 Sands Housing Development Fund Corporation is expected to be completed in 2022.

**NOTE 7 - 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.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

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:

	<u>2021</u>	<u>2020</u>	<u>Maturity Date</u>
Federal Home Loan Bank for:			
BG - St. Marks Brownsville L.P.	\$ 1,080,000	\$ 1,080,000	11/26/2038
BG - Schermerhorn L.P.	675,000	675,000	12/29/2037
BG - Brook Avenue Housing L.P.	1,500,000	1,500,000	12/20/2039
BG - Hegeman Avenue Housing L.P.	1,650,000	1,650,000	6/9/2043
BG - Chelsea Residence Limited Partnership	1,000,000	1,000,000	1/16/2033
BG II - 1630 Dewey Avenue LLC	299,990	299,990	9/30/2040
BG II - Pitt Street L.P.	1,000,000	1,000,000	12/22/2043
BG II - Webster Avenue Affordable LLC	1,900,000	1,900,000	11/19/2048
BG II - Edwin's Place L.P.	1,000,000	1,000,000	4/1/2076
BG IV - Andrews	500,000	500,000	4/17/2024
BG - Neighborhood Stabilization Program	1,075,294	1,251,765	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
	<u>\$ 12,554,237</u>	<u>\$ 12,730,708</u>	

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 8 - MORTGAGES AND NOTES PAYABLE, NET**

The various debt obligations outstanding as presented in the accompanying consolidated statements of financial position as of December 31, 2021 and 2020 consisted of the following:

<u>Entity</u>	<u>Lender</u>	<u>2021</u>	<u>2020</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>
BG	van Ameringen Foundation	\$ 1,500,000	\$ 1,500,000	7/1/2024	3%
BG	U.S. Department of Housing and Urban Development	13,179,600	13,179,600	12/1/2054	0%
BG	Wells Fargo Community Investment Holdings	600,000	600,000	5/30/2023	2%
BG	Wells Fargo Community Investment Holdings	600,000	600,000	1/1/2027	2%
BG	Deutsche Bank Foundation PRI Grant	120,000	80,000	11/30/2023	0%
BG	Nonprofit Finance Fund	1,900,000	1,900,000	1/1/2023	0%
BG	U.S. SBA Paycheck Protection Program (JPMorgan Chase Bank, N.A.)	-	869,237	6/29/2025	0.98%
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	206,572	320,239	8/15/2023	6.49%
BGM	U.S. SBA Paycheck Protection Program (Sterling National Bank)	4,326,700	4,326,700	5/14/2022	1%
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%
					Non-interest bearing
BG IV	NYS Housing Finance Agency	581,000	581,000	1/5/2040	
BG II	U.S. SBA Paycheck Protection Program (JPMorgan Chase Bank, N.A.)	-	433,842	6/30/2025	0.98%
BG II	Corporation for Supportive Housing	808,750	-	9/20/2024	6%
BG II	NYC Down Payment Assistance Fund, LLC	15,000	-	12/10/2023	4%
Prince George Associates, L.P.	NYC Department of Housing Preservation and Development	12,577,336	12,573,634	11/1/2028	1%
Prince George Associates, L.P.	NYS Homeless Housing Assistance Corporation	4,000,000	4,000,000	11/1/2029	1%
90 Sands H.D.F.C.	NYC Department of Housing Preservation and Development	155,000,000	155,000,000	6/30/2083	2.91%
90 Sands H.D.F.C.	NYC Department of Housing Preservation and Development - Reso A	2,000,000	2,000,000	6/30/2083	2.91%
					ST-4.6% / LT-5.075%
90 Sands H.D.F.C.	NYC Housing Development Corporation	45,988,357	11,941,733	8/30/2063	ST-4.6% / LT-5.075%
90 Sands H.D.F.C.	NYC Housing Development Corporation	5,761,526	5,374,374	8/30/2063	5.075%
Chelsea Residence Limited Partnership	NYC Department of Housing Preservation and Development	16,515,631	16,509,953	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	19,530,437	19,520,259	4/29/2038	1%
Pitt Street L.P.	NYC Department of Housing Preservation and Development	24,367,072	24,351,702	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	17,014,224	17,009,669	11/1/2040	1%
Brook Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	3,500,000	3,500,000	12/20/2039	1%
Brook Avenue Housing L.P.	NYC Department of Housing Preservation and Development - Reso A	500,000	500,000	11/1/2040	1%
St Mark's Brownsville L.P.	NYS Homeless Housing Assistance Corporation	1,803,300	1,803,300	3/29/2051	1%
					Non-interest bearing
St Mark's Brownsville L.P.	NYC Department of Housing Preservation and Development - Reso A	698,212	696,441	11/26/2050	
410 Asylum Street, LLC	State of Connecticut	2,000,000	2,000,000	3/27/2038	1%
410 Asylum Street, LLC	City of Hartford	253,044	263,962	9/1/2042	1%
410 Asylum Street, LLC	Connecticut Housing Finance Authority	3,497,658	3,528,192	2/1/2043	5.25%
					Non-interest bearing
410 Asylum Street, LLC	Connecticut Housing Finance Authority	6,073,808	6,073,808	3/1/2041	
Hegeman Avenue Housing L.P.	NYC Department of Housing Preservation and Development	17,572,714	17,559,199	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%

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

Entity	Lender	2021	2020	Final Maturity Date	Interest Rate
Common Ground Cedarwoods Housing LLC	Connecticut Housing Finance Authority	\$ 5,612,789	\$ 5,610,515	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	1,655,523	1,654,426	8/3/2045	1%
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development	4,559,564	4,559,564	1/13/2046	1%
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development- Reso A	2,000,000	2,000,000	1/13/2046	1%
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	4,625,687	4,716,362	2/1/2046	2%
Boston Road Housing L.P.	NYS Housing Finance Agency	6,930,000	6,930,000	2/1/2046	1%
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	12/1/2048	1%
Webster Avenue Affordable LLC	NYC Department of Housing Preservation and Development - Reso A	298,382	298,382	12/1/2048	1%
Webster Avenue Affordable LLC	NYS Homeless Housing Assistance Corporation	2,000,000	2,000,000	12/1/2048	Non-interest bearing
Webster Avenue Affordable LLC	NYC Housing Development Corporation	8,942,140	9,037,227	12/1/2048	5.70%
Webster Avenue Affordable LLC	NYC Housing Development Corporation	16,120,000	16,120,000	12/1/2048	1%
Webster Avenue Supportive LLC	NYC Department of Housing Preservation and Development	11,970,000	11,970,000	8/15/2049	2.57%
Webster Avenue Supportive LLC	NYS Homeless Housing Assistance Corporation	2,500,000	2,500,000	8/31/2048	Non-interest bearing
Webster Avenue Supportive LLC	NYS Housing Finance Agency	14,455,411	14,702,312	8/1/2048	4.75%
Webster Avenue Supportive LLC	NYS Housing Finance Agency	6,138,000	6,138,000	8/1/2048	1%
La Central Supportive L.P.	NYC Department of Housing Preservation and Development	12,075,000	12,075,000	7/16/2074	0.25%
La Central Supportive L.P.	NYS Homeless Housing Assistance Corporation	5,900,000	5,900,000	7/1/2049	Non-interest bearing
La Central Supportive L.P.	NYS Housing Finance Agency	7,034,278	7,141,708	2/1/2050	4.5%
La Central Supportive L.P.	NYS Housing Finance Agency	11,518,256	11,518,256	2/1/2050	1%
La Central Supportive L.P.	NYS Homeless Housing Assistance Corporation	250,000	250,000	7/16/2074	0.25%
Edwin's Place L.P.	NYS Housing Finance Agency	10,697,078	36,264,177	2/1/2051	4.85%
Edwin's Place L.P.	NYS Housing Finance Agency	7,729,300	7,672,455	2/1/2051	0.50%
Edwin's Place L.P.	NYC Department of Housing Preservation and Development	10,710,000	10,710,000	55 yrs. after conversion	0.25%
Edwin's Place L.P.	NYS Homeless Housing Assistance Corporation	7,000,000	7,000,000	9/22/2050	Non-interest bearing
Betances L.P.	NYC Department of Housing Preservation and Development	12,724,800	12,724,800	ST-34 months after closing / LT-40 yrs. after conversion	ST-2.72%/ LT-AFR
Betances L.P.	NYC Housing Development Corporation	48,614,323	27,621,547	ST-4/27/2022 / LT-10/31/2062	ST-2.90% / LT-5.58%
Betances L.P.	NYS Homeless Housing Assistance Corporation	2,688,909	1,717,714	40 yrs. after occupancy	Non-interest bearing
Betances L.P.	NYC Housing Development Corporation	8,359,800	8,359,800	10/31/2062	2.72%
Total mortgages and notes payable		\$ 690,264,508	\$ 660,453,416		

Included within mortgages and notes payable are debt issuance costs of \$8,904,815 and \$6,623,196, respectively, as of December 31, 2021 and 2020.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

The scheduled future principal payments follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 6,880,652
2023	1,630,983
2024	3,414,837
2025	1,494,034
2026	1,849,649
Thereafter	<u>674,994,353</u>
	<u>\$ 690,264,508</u>

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, 2021 and 2020, Breaking Ground was in compliance with all financial and operating covenants.

Interest and service fees totaling \$12,248,815 and \$12,027,889 were expensed for the years ended December 31, 2021 and 2020, respectively.

**NOTE 9 - PPP LOAN**

In May 2020, BGM was granted a loan from Sterling National Bank in the aggregate amount of \$4,326,700 pursuant to the Small Business Administration (the "SBA") Paycheck Protection Program (the "PPP") under Division A, Title 1 of the CARES Act (the "PPP Loan"). The PPP Loan, which was in the form of a note dated May 6, 2020, matures on May 6, 2022 and bears interest at a rate of 1% per annum.

In June 2020, BG and BG II were granted two separate loans from JPMorgan Chase Bank, N.A. in the aggregate amounts of \$869,237 and \$433,842, respectively.

BG and BG II applied for forgiveness of these loans and received notification that the full amounts had been forgiven by the SBA during September 2021.

The remaining PPP Loan may be prepaid by BGM at any time prior to maturity with no repayment penalties. Funds from the PPP Loan may only be used for certain costs, such as payroll costs and occupancy expenses.



**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 10 - GOVERNMENT GRANTS AND CONTRACTS**

Government grants and contracts revenue recognized when the related barrier to entitlement has been overcome for the years ended December 31, 2021 and 2020 was derived from the following federal, New York City and New York State government agencies:

	<u>2021</u>	<u>2020</u>
NYC Department of Homeless Services	\$ 36,839,690	\$ 29,799,799
NYC Department of Health and Mental Hygiene	4,344,422	4,304,775
NYC HIV/AIDS Service Administration	2,989,186	2,890,314
NYS Office of Mental Health	1,225,704	1,226,474
Empire State Supportive Housing Initiative	412,116	398,731
Dormitory Authority of the State of New York	-	170,943
NYS Office of Temporary and Disability Assistance	77,400	77,400
	<u>\$ 45,888,518</u>	<u>\$ 38,868,436</u>

**NOTE 11 - 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 \$499,894 and \$526,701 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the liability relating to this plan totaled \$491,411 and \$402,427, respectively, and is included in other liabilities in the accompanying consolidated statements of financial position. The related assets are invested in equities and mutual funds that are classified as Level 1 in the fair value hierarchy.

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

**NOTE 12 - 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 2034. 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 \$5,073,521 and \$4,984,874 for the years ended December 31, 2021 and 2020, respectively. Estimated future minimum lease payments due under the terms of the leases follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 4,061,148
2023	2,747,326
2024	2,065,837
2025	817,901
2026	330,510
Thereafter	1,255,149
	<u>\$ 11,277,871</u>

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 \$1,351,958 and \$1,771,088 for the years ended December 31, 2021 and 2020, respectively. Estimated future minimum receipts due under the terms of the leases follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,307,192
2023	1,298,288
2024	1,366,740
2025	1,281,230
2026	1,118,913
Thereafter	6,112,495
	<u>\$ 12,484,858</u>

**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, 2021 and 2020, 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.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

***Multi-employer 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 multi-employer 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, Breaking Ground 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 ended December 31, 2021 and 2020 because it was 79% and 81%, 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, 2021 and 2020, Breaking Ground contributed \$124,239 and \$118,047, respectively, to the Fund, which is less than 5% of the plan's contributions.

***Coronavirus Pandemic***

In early 2020, an outbreak of a novel strain of coronavirus, ("COVID-19"), emerged globally. As a result, events have occurred, including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to Breaking Ground's consolidated financial position, results of operations, and cash flows. As of December 31, 2021, the pandemic is still ongoing. Breaking Ground continues to monitor the results of operations to evaluate the financial impact of the pandemic.

***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.

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 13 - 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 for the years ended December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 25,948,472	\$ 24,441,041
Accounts receivable	22,083,569	19,934,731
Development fees receivable	<u>7,288,294</u>	<u>4,025,235</u>
Total available resources	<u>55,320,335</u>	<u>48,401,007</u>
Less:		
Net assets with donor restrictions:		
Development purpose	(10,238,367)	(6,255,000)
Program purpose	<u>(1,224,403)</u>	<u>(1,278,956)</u>
Total financial assets available for general expenditures	<u>\$ 43,857,565</u>	<u>\$ 40,867,051</u>

**NOTE 14 - 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 years ended December 31, 2021 and summarized 2020 consisted of the following:

	<u>Program Services</u>			<u>Supporting Services</u>				<u>Housing Entities</u>			<u>Total Expenses</u>		
	<u>Social Services</u>	<u>Management and Development</u>	<u>Permanent Housing Operations</u>	<u>Total Program Services</u>	<u>Supportive Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Not-for-Profit Entities</u>	<u>Permanent Housing Operations</u>	<u>Eliminations</u>	<u>2021</u>	<u>2020</u>
Salaries	\$ 15,960,464	\$ 2,434,064	\$ 3,912,533	\$ 22,307,061	\$ 5,567,619	\$ 473,678	\$ 355,643	\$ 6,396,940	\$ 28,704,001	\$ 3,563,789	\$ (63,090)	\$ 32,204,700	\$ 29,838,942
Fringe benefits	4,318,930	1,060,855	1,043,210	6,422,995	1,592,891	112,398	75,344	1,780,633	8,203,628	978,315	250	9,182,193	9,448,896
Total personnel	20,279,394	3,494,919	4,955,743	28,730,056	7,160,510	586,076	430,987	8,177,573	36,907,629	4,542,104	(62,840)	41,386,893	39,287,838
Professional and management fees	4,938,112	29,615	286,202	5,253,929	761,094	95,395	-	856,489	6,110,418	2,903,896	(2,024,915)	6,989,399	6,582,428
Rent expense	3,805,620	335,651	149,723	4,290,994	1,183,530	-	-	1,183,530	5,474,524	270,613	(236,221)	5,508,916	5,423,426
Utilities	1,225,023	-	2,239,750	3,464,773	69,804	-	-	69,804	3,534,577	3,419,688	(370,538)	6,583,727	5,643,350
Security	4,002,724	-	686,268	4,688,992	-	14,955	-	14,955	4,703,947	3,342,075	(1,129,145)	6,916,877	6,304,410
Repairs and maintenance	1,743,613	31,264	1,875,583	3,650,460	132,127	19,533	-	151,660	3,802,120	2,861,588	(260,545)	6,403,163	6,189,609
Events and other fundraising	-	-	-	-	-	2,076	345,376	347,452	347,452	-	-	347,452	91,007
Insurance	1,052,104	34,612	630,260	1,716,976	49,371	32,301	-	81,672	1,798,648	1,656,963	(342,454)	3,113,157	2,775,417
Client expense	8,751,653	38,965	433,475	9,224,093	-	-	-	9,224,093	-	-	415,464	9,639,557	5,160,016
Office expense	665,550	100,626	405,605	1,191,781	428,561	50,106	5,926	484,593	1,676,374	700,764	(33,854)	2,343,284	2,205,988
Staff expense	187,070	23,812	21,351	232,233	331,270	3,531	457	335,258	567,491	40,497	-	607,988	414,932
Fees and other expense	126,388	83,968	256,389	466,745	320,544	83,453	-	403,997	870,742	1,952,732	(93)	2,823,381	3,296,239
Bad debt	18,822	15,482	214,550	248,854	885,727	-	-	885,727	1,134,581	728,738	-	1,863,319	1,837,603
Total expenses before depreciation and amortization	46,816,073	4,188,914	12,154,899	63,159,886	11,322,538	887,426	782,746	12,992,710	76,152,596	22,419,658	(4,045,141)	94,527,113	85,218,263
Depreciation and amortization	-	-	3,841,357	3,841,357	630,944	-	-	630,944	4,472,301	15,180,444	(427,224)	19,225,521	16,947,485
Interest and service fees	-	-	5,579,360	5,579,360	228,527	-	-	228,527	5,807,887	7,152,033	(711,105)	12,248,815	12,027,889
Total expenses	\$ 46,816,073	\$ 4,188,914	\$ 21,575,616	\$ 72,580,603	\$ 12,182,009	\$ 887,426	\$ 782,746	\$ 13,852,181	\$ 86,432,784	\$ 44,752,135	\$ (5,183,470)	\$ 126,001,449	\$ 114,193,637

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

**NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Housing Operations and Tenant Services	\$ 1,592,628	\$ 1,256,381
Street to Home Outreach	153,560	503,134
Housing Development	6,588,367	3,362,688
Youth Supportive Housing	3,000,000	3,000,000
HUD Capital Advance	7,604,027	7,594,241
Development Reserve	<u>750,000</u>	<u>750,000</u>
	<u>\$ 19,688,582</u>	<u>\$ 16,466,444</u>

**NOTE 16 - NET ASSETS RELEASED FROM RESTRICTIONS**

During the years ended December 31, 2021 and 2020, net assets with donor restrictions that were released from restrictions in satisfaction of donor time or purpose restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Housing Operations and Tenant & Program Services	\$ 999,861	\$ 1,051,081
Street to Home Outreach	394,574	332,366
Housing Development	2,207,688	47,312
HUD Capital Advance	(9,786)	545,788
Time-restricted	<u>-</u>	<u>25,000</u>
	<u>\$ 3,592,337</u>	<u>\$ 2,001,547</u>

**NOTE 17 - 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 include the following balances between Breaking Ground and the related parties referred to above as of December 31, 2020:

	<u>2020</u>
Accounts receivable	\$ 2,953,297
Accounts payable and accrued expenses	685,252

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

The accompanying consolidated statements of activities include the following balances between Breaking Ground and the related parties referred to above for the year December 31, 2020:

	<u>2020</u>
Government grants and contracts revenue	\$ 4,420,475
Social services expense	3,722,177
Permanent housing operations	130,810

**NOTE 18 - SUBSEQUENT EVENTS**

Breaking Ground evaluated its December 31, 2021, consolidated financial statements for subsequent events through June 22, 2022, the date the consolidated financial statements were available to be issued.

On January 19, 2022, the Company received notice from the U.S. Small Business Administration (SBA) that it had completed its review of BGM's Paycheck Protection Program (PPP) loan. Based on a review of lender and/or borrower submissions, and consideration of the facts and circumstances, SBA determined forgiveness in the amount of \$4,142,840. The unforgiven principal with accrued interest of \$187,048 was repaid in full by BGM on February 09, 2022.

SUPPLEMENTARY INFORMATION

**Breaking Ground Housing Development Fund Corporation and Affiliates**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION INFORMATION - NOT-FOR-PROFIT ENTITIES**

**As of December 31, 2021**

	<b>Breaking Ground H.D.F.C.</b>	<b>Breaking Ground Management</b>	<b>Breaking Ground II H.D.F.C.</b>	<b>Breaking Ground III H.D.F.C.</b>	<b>Breaking Ground IV H.D.F.C.</b>	<b>Ground Jobs Training Corp.</b>	<b>General Partners</b>	<b>Not-for-Profit Entities Eliminations</b>	<b>Total Not-for-Profit Entities</b>
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash	\$ 3,767,739	\$ 11,076,702	\$ 1,812,303	\$ 327,635	\$ 45,321	\$ 72,296	\$ 465,385	\$ -	\$ 17,567,381
Lender restricted cash	2,241,263	-	-	-	890	-	-	-	2,242,153
Accounts receivable, net	2,553,159	15,881,384	1,723,097	180,460	774,370	1,265	57,766	(725,174)	20,446,327
Advances due from affiliates	160,560,967	17,875,555	51,418,606	6,888	949,768	9,237,357	503,500	(230,120,835)	10,431,806
Development fee receivable	-	-	7,288,294	-	-	-	-	-	7,288,294
Other assets, net	265,687	782,714	108,713	55,988	9	-	-	-	1,213,111
Total current assets	<u>169,388,815</u>	<u>45,616,355</u>	<u>62,351,013</u>	<u>570,971</u>	<u>1,770,358</u>	<u>9,310,918</u>	<u>1,026,651</u>	<u>(230,846,009)</u>	<u>59,189,072</u>
<b>NONCURRENT ASSETS</b>									
Contractual reserves	7,910,851	-	14,869,967	1,400,008	962	561,127	-	-	24,742,915
Accounts receivable, net	13,319,136	499,592	-	-	-	-	820,000	(499,592)	14,139,136
Tenant security deposits	164,414	54,647	295,096	40,256	-	102,773	-	-	657,186
Development fees receivable	3,400,818	-	24,701,476	-	-	-	-	-	28,102,294
Affiliate notes and interest receivable	37,903,998	4,582,447	20,375,666	-	-	1,979,694	31,529	(21,591,322)	43,282,012
Investment in housing entities	(5,714)	-	(1,943,148)	783,998	-	-	1,864,584	-	699,720
Other assets, net	108,371	741,881	31,860	-	-	-	-	-	882,112
Property and equipment, net	31,878,327	812,385	263,457,161	17,994,589	11,145,828	55,491	-	-	325,343,781
Total noncurrent assets	<u>94,680,201</u>	<u>6,690,952</u>	<u>321,788,078</u>	<u>20,218,851</u>	<u>11,146,790</u>	<u>2,699,085</u>	<u>2,716,113</u>	<u>(22,090,914)</u>	<u>437,849,156</u>
Total assets	<u>\$ 264,069,016</u>	<u>\$ 52,307,307</u>	<u>\$ 384,139,091</u>	<u>\$ 20,789,822</u>	<u>\$ 12,917,148</u>	<u>\$ 12,010,003</u>	<u>\$ 3,742,764</u>	<u>\$ (252,936,923)</u>	<u>\$ 497,038,228</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>									
<b>CURRENT LIABILITIES</b>									
Accounts payable and accrued expenses	\$ 897,917	\$ 8,932,304	\$ 4,349,383	\$ 288,027	\$ 164,211	\$ -	\$ 591,230	\$ (725,174)	\$ 14,497,898
Construction payable	-	-	2,851,537	4,914	-	-	-	-	2,856,451
Accrued interest payable - mortgages and notes	-	-	-	-	-	-	-	-	-
Advances due to affiliates	72,890,652	123,890,952	23,117,357	1,671,896	8,344,338	1,178,976	1,874,513	(230,120,835)	2,847,849
Deferred revenue	1,607,607	7,394,429	231,758	79,228	1,017,910	-	-	-	10,330,932
Project grant advances	176,471	-	-	-	-	-	-	-	176,471
Development fee payable	-	-	1,000,000	-	-	-	-	-	1,000,000
Mortgages and notes payable	1,586,267	4,326,700	-	-	-	-	-	-	5,912,967
Total current liabilities	<u>77,158,914</u>	<u>144,544,385</u>	<u>31,550,035</u>	<u>2,044,065</u>	<u>9,526,459</u>	<u>1,178,976</u>	<u>2,465,743</u>	<u>(230,846,009)</u>	<u>37,622,568</u>
<b>NONCURRENT LIABILITIES</b>									
Security deposits	181,390	232,676	295,782	40,256	-	77,641	-	-	827,745
Other liabilities	-	491,411	1,110,485	-	-	-	-	(499,592)	1,102,304
Accrued interest payable - mortgages and notes	2,857,417	72,592	19,776,247	1,246,545	426,469	-	-	-	24,379,270
Deferred revenue	788,414	476,850	5,402,500	-	-	-	-	-	6,667,764
Project grant advances	6,803,823	-	5,073,943	-	500,000	-	-	-	12,377,766
Development fee payable	-	-	3,000,000	-	-	-	-	-	3,000,000
Affiliate notes and interest payable	-	-	20,591,322	1,000,000	-	-	-	(21,591,322)	-
Mortgages and notes payable, net	45,370,012	-	226,150,969	21,985,045	9,974,049	-	-	-	303,480,075
Total noncurrent liabilities	<u>56,001,056</u>	<u>1,273,529</u>	<u>281,401,248</u>	<u>24,271,846</u>	<u>10,900,518</u>	<u>77,641</u>	<u>-</u>	<u>(22,090,914)</u>	<u>351,834,924</u>
Total liabilities	<u>133,159,970</u>	<u>145,817,914</u>	<u>312,951,283</u>	<u>26,315,911</u>	<u>20,426,977</u>	<u>1,256,617</u>	<u>2,465,743</u>	<u>(252,936,923)</u>	<u>389,457,492</u>
<b>Net assets (deficit)</b>									
Without donor restrictions	111,220,464	(93,510,607)	71,187,808	(5,526,089)	(7,509,829)	10,753,386	1,277,021	-	87,892,154
With donor restrictions	19,688,582	-	-	-	-	-	-	-	19,688,582
Total net assets (deficit)	<u>130,909,046</u>	<u>(93,510,607)</u>	<u>71,187,808</u>	<u>(5,526,089)</u>	<u>(7,509,829)</u>	<u>10,753,386</u>	<u>1,277,021</u>	<u>-</u>	<u>107,580,736</u>
Total liabilities and net assets	<u>\$ 264,069,016</u>	<u>\$ 52,307,307</u>	<u>\$ 384,139,091</u>	<u>\$ 20,789,822</u>	<u>\$ 12,917,148</u>	<u>\$ 12,010,003</u>	<u>\$ 3,742,764</u>	<u>\$ (252,936,923)</u>	<u>\$ 497,038,228</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.



**Breaking Ground Housing Development Fund Corporation and Affiliates**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES INFORMATION - NOT-FOR-PROFIT ENTITIES**  
**For the Year Ended December 31, 2021**

	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
<b>REVENUES AND SUPPORT</b>									
Contributions	\$ 10,636,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,636,022
Government grants and contracts	4,814,347	35,229,916	1,645,365	273,290	3,925,600	-	-	-	45,888,518
Management and partnership fees	-	3,178,917	-	-	-	-	170,000	(1,154,271)	2,194,646
Development fees	-	-	2,752,417	-	-	-	-	-	2,752,417
Rental income	7,893,410	701,847	5,440,169	2,318,096	47,823	6,000	10,000	(1,127,049)	15,290,296
Other income (loss)	1,559,012	2,242,628	491,574	99,582	3,000	186	(1,927)	(311,380)	4,082,675
Total revenues and support	<u>24,902,791</u>	<u>41,353,308</u>	<u>10,329,525</u>	<u>2,690,968</u>	<u>3,976,423</u>	<u>6,186</u>	<u>178,073</u>	<u>(2,592,700)</u>	<u>80,844,574</u>
<b>EXPENSES</b>									
Program services:									
Social services	5,729,940	35,303,200	1,591,812	278,442	3,963,133	-	-	(50,454)	46,816,073
Housing management and development	-	4,188,914	-	-	-	-	-	-	4,188,914
Permanent housing operations	6,175,653	250	5,920,175	2,289,687	-	-	-	(2,230,866)	12,154,899
Total program services	<u>11,905,593</u>	<u>39,492,364</u>	<u>7,511,987</u>	<u>2,568,129</u>	<u>3,963,133</u>	<u>-</u>	<u>-</u>	<u>(2,281,320)</u>	<u>63,159,886</u>
Supporting services:									
Supportive services	575,636	9,518,298	675,924	17,748	335,902	-	199,030	-	11,322,538
General and administrative	-	883,808	-	-	-	3,618	-	-	887,426
Fundraising	782,746	-	-	-	-	-	-	-	782,746
Depreciation and amortization	1,735,206	158,965	1,468,883	643,022	417,997	48,228	-	-	4,472,301
Interest and service fees	499,049	76,345	5,412,691	89,844	35,672	5,666	-	(311,380)	5,807,887
Total supporting services	<u>3,592,637</u>	<u>10,637,416</u>	<u>7,557,498</u>	<u>750,614</u>	<u>789,571</u>	<u>57,512</u>	<u>199,030</u>	<u>(311,380)</u>	<u>23,272,898</u>
Total expenses	<u>15,498,230</u>	<u>50,129,780</u>	<u>15,069,485</u>	<u>3,318,743</u>	<u>4,752,704</u>	<u>57,512</u>	<u>199,030</u>	<u>(2,592,700)</u>	<u>86,432,784</u>
Change in net assets before other non-recurring items	9,404,561	(8,776,472)	(4,739,960)	(627,775)	(776,281)	(51,326)	(20,957)	-	(5,588,210)
Other non-recurring item:									
Gain on forgiveness of loans and interest	879,530	-	439,168	-	-	-	-	-	1,318,698
Transfer of LP interest	-	-	-	-	-	-	(5,972,170)	-	(5,972,170)
Changes in net assets	<u>10,284,091</u>	<u>(8,776,472)</u>	<u>(4,300,792)</u>	<u>(627,775)</u>	<u>(776,281)</u>	<u>(51,326)</u>	<u>(5,993,127)</u>	<u>-</u>	<u>(10,241,682)</u>
Net assets (deficit), beginning of year	120,624,955	(84,734,135)	75,488,600	(23,310)	(6,733,548)	10,804,712	7,270,148	-	122,697,422
Net assets (deficit), end of year	<u>\$ 130,909,046</u>	<u>\$ (93,510,607)</u>	<u>\$ 71,187,808</u>	<u>\$ (651,085)</u>	<u>\$ (7,509,829)</u>	<u>\$ 10,753,386</u>	<u>\$ 1,277,021</u>	<u>\$ -</u>	<u>\$ 112,455,740</u>

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**Breaking Ground Housing Development Fund Corporation and Affiliates**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION INFORMATION - HOUSING ENTITIES**

**As of December 31, 2021**

	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 LP	Edwin's Place LP	BG Betances LP	Housing Entities Eliminations	Total Housing Entities
<b>ASSETS</b>																
<b>CURRENT ASSETS</b>																
Cash	\$ 123,939	\$ 340,134	\$ 406,815	\$ 116,432	\$ 312,840	\$ 575,277	\$ 29,929	\$ 88,511	\$ 625,244	\$ 681,417	\$ 731,924	\$ 1,114,833	\$ 837,822	\$ 2,395,974	\$ -	\$ 8,381,091
Lender restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	4,910	1,042	-	5,952
Contractual reserves	-	-	-	-	159,443	-	-	-	479,082	755,787	345,940	24,562	-	-	-	1,764,814
Accounts receivable, net	365,577	440,391	167,683	107,702	13,478	294,597	3,790	42,979	79,215	467,521	251,908	188,282	397,309	-	-	2,820,432
Advances due from affiliates	1,327,416	561,517	956,793	-	-	2,085	38	-	-	-	470,700	-	-	-	(470,700)	2,847,849
Other assets, net	10,446	18,554	9,875	4,812	4,474	8,327	-	24,632	10,429	271,573	73,057	78,696	6,771	7,895	-	529,541
Total current assets	1,827,378	1,360,596	1,541,166	228,946	490,235	880,286	33,757	156,122	1,193,970	2,176,298	1,873,529	1,406,373	1,246,812	2,404,911	(470,700)	16,349,679
<b>NONCURRENT ASSETS</b>																
Contractual reserves	513,044	442,406	387,004	1,585,661	1,310,705	354,831	669,972	758,162	1,808,382	642,041	694,616	959,032	-	-	-	10,125,856
Tenant security deposits	83,137	73,029	50,101	13,132	60,163	34,054	40,480	25,093	27,465	153,318	42,060	33,774	22,562	-	-	658,368
Other assets, net	-	22,115	13,979	22,833	97,147	-	14,932	30,409	9,030	116,886	37,375	30,440	58,464	151,710	-	605,320
Property and equipment, net	39,847,702	42,794,945	26,950,932	17,925,757	14,931,468	31,258,456	10,002,909	11,190,942	42,077,853	75,495,111	55,429,437	59,587,363	70,243,063	90,628,490	-	588,364,428
Total noncurrent assets	40,443,883	43,332,495	27,402,016	19,547,383	16,399,483	31,647,341	10,728,293	12,004,606	43,922,730	76,407,356	56,203,488	60,610,609	70,324,089	90,780,200	-	599,753,972
Total assets	\$ 42,271,261	\$ 44,693,091	\$ 28,943,182	\$ 19,776,329	\$ 16,889,718	\$ 32,527,627	\$ 10,762,050	\$ 12,160,728	\$ 45,116,700	\$ 78,583,654	\$ 58,077,017	\$ 62,016,982	\$ 71,570,901	\$ 93,185,111	\$ (470,700)	\$ 616,103,651
<b>LIABILITIES AND PARTNERS'/MEMBERS' EQUITY (DEFICIT)</b>																
<b>CURRENT LIABILITIES</b>																
Accounts payable and accrued expenses	\$ 846,090	\$ 398,200	\$ 332,775	\$ 123,377	\$ 92,391	\$ 274,670	\$ 46,627	\$ 206,423	\$ 429,032	\$ 442,479	\$ 484,887	\$ 277,639	\$ 200,777	\$ 203,462	\$ -	\$ 4,358,829
Construction payable	-	-	-	-	-	-	-	-	25,000	161,278	-	-	844,649	2,070,969	-	3,101,896
Accrued interest payable - mortgages and notes	-	-	-	-	15,537	-	-	-	-	-	-	-	-	-	-	15,537
Advances due to affiliates	1,941,543	19	-	2,966,081	3,123,902	24,085	467,380	2,716	55,297	718,302	587,779	28,375	888,739	98,288	(470,700)	10,431,806
Deferred revenue	-	-	-	-	-	-	-	-	-	253,505	212,070	-	-	-	-	465,575
Development fee payable	-	-	-	-	-	-	-	-	-	-	-	-	3,191,108	4,054,518	-	7,245,626
Mortgages and notes payable	-	-	-	-	45,917	-	-	-	124,110	175,701	297,378	139,785	184,794	-	-	967,685
Total current liabilities	2,787,633	398,219	332,775	3,089,458	3,277,747	298,755	514,007	209,139	633,459	1,751,265	1,582,114	445,799	5,310,067	6,427,237	(470,700)	26,586,954
<b>NONCURRENT LIABILITIES</b>																
Security deposits	83,138	73,029	49,963	13,132	59,279	34,418	38,121	25,093	27,465	153,318	42,086	33,774	22,562	-	-	655,378
Other liabilities	90,000	-	635,000	-	130,000	-	52,320	-	-	-	-	-	-	-	-	907,320
Accrued interest payable - mortgages and notes	3,191,288	3,423,382	2,438,806	222,404	358,282	2,193,092	-	332,759	2,278,018	264,876	532,725	922,931	848,226	870,045	-	17,876,834
Development fees payable	2,807,669	3,949,948	1,812,969	593,149	-	-	-	-	1,191,325	1,898,900	2,052,675	1,047,718	4,308,892	7,995,482	-	27,658,727
Affiliate notes and interest payable	708,840	3,025,246	1,537,500	16,745,594	699,754	4,980,664	1,351,443	1,456,704	3,109,126	3,944,080	205,200	398,148	1,225,125	3,894,588	-	43,282,012
Mortgages and notes payable, net	26,280,237	30,887,830	21,014,224	2,501,512	11,778,593	24,063,477	9,042,789	4,655,523	25,391,577	44,544,821	34,766,033	36,637,749	35,951,584	72,387,832	-	379,903,781
Total noncurrent liabilities	33,161,172	41,359,435	27,488,462	20,075,791	13,025,908	31,271,651	10,484,673	6,470,079	31,997,511	50,805,995	37,598,719	39,040,320	42,356,389	85,147,947	-	470,284,052
Total liabilities	35,948,805	41,757,654	27,821,237	23,165,249	16,303,655	31,570,406	10,998,680	6,679,218	32,630,950	52,557,260	39,180,833	39,486,119	47,666,456	91,575,184	(470,700)	496,871,006
<b>Partners'/members' equity (deficit)</b>																
Controlling interest	(2,209)	(1,872)	(1,585)	(478)	1,274,059	(1,190)	(423)	1,708,498	(626)	(1,086)	(697)	(499)	(377)	(48)	-	2,971,467
Noncontrolling interest	6,324,665	2,937,309	1,123,530	(3,388,442)	(687,996)	958,411	(236,207)	3,773,012	12,486,376	26,027,480	18,896,881	22,531,362	23,904,822	1,609,975	-	116,261,178
Total partners'/members' equity (deficit)	6,322,456	2,935,437	1,121,945	(3,388,920)	586,063	957,221	(236,630)	5,481,510	12,485,750	26,026,394	18,896,184	22,530,863	23,904,445	1,609,927	-	119,232,645
Total liabilities and partners'/members' equity	\$ 42,271,261	\$ 44,693,091	\$ 28,943,182	\$ 19,776,329	\$ 16,889,718	\$ 32,527,627	\$ 10,762,050	\$ 12,160,728	\$ 45,116,700	\$ 78,583,654	\$ 58,077,017	\$ 62,016,982	\$ 71,570,901	\$ 93,185,111	\$ (470,700)	\$ 616,103,651

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**Breaking Ground Housing Development Fund Corporation and Affiliates**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES INFORMATION - HOUSING ENTITIES**  
**For the Year Ended December 31, 2021**

	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 LP	Edwin's Place LP	BG Betances LP	Housing Entities Eliminations	Total Housing Entities
<b>REVENUES AND SUPPORT</b>																
Rental income	\$ 2,498,694	\$ 2,783,673	\$ 2,200,153	\$ 1,134,786	\$ 1,003,117	\$ 1,891,400	\$ 521,956	\$ 596,936	\$ 2,311,216	\$ 2,904,112	\$ 2,539,132	\$ 2,681,157	\$ 1,793,651	\$ -	\$ -	\$ 24,859,983
Other income	120,830	100,171	67,915	176,927	58,914	69,403	15,066	12,499	10,783	536,190	789,227	5,779	811,684	-	-	2,775,388
Total revenues and support	2,619,524	2,883,844	2,268,068	1,311,713	1,062,031	1,960,803	537,022	609,435	2,321,999	3,440,302	3,328,359	2,686,936	2,605,335	-	-	27,635,371
<b>EXPENSES</b>																
Program services:																
Permanent housing operations	2,739,343	2,835,164	2,427,830	1,196,006	886,050	2,022,878	514,222	563,692	1,698,678	2,305,985	1,997,934	1,823,206	1,011,139	397,531	-	22,419,658
Total program services	2,739,343	2,835,164	2,427,830	1,196,006	886,050	2,022,878	514,222	563,692	1,698,678	2,305,985	1,997,934	1,823,206	1,011,139	397,531	-	22,419,658
Supporting services:																
Depreciation and amortization	1,462,427	1,299,349	1,009,276	828,867	568,004	920,593	391,073	404,331	1,223,026	2,040,282	1,507,411	1,648,274	1,877,531	-	-	15,180,444
Interest and service fees	274,795	417,998	231,627	551,780	220,843	286,922	13,267	53,652	554,543	1,041,443	987,131	582,143	1,852,106	83,783	-	7,152,033
Total supporting services	1,737,222	1,717,347	1,240,903	1,380,647	788,847	1,207,515	404,340	457,983	1,777,569	3,081,725	2,494,542	2,230,417	3,729,637	83,783	-	22,332,477
Total expenses	4,476,565	4,552,511	3,668,733	2,576,653	1,674,897	3,230,393	918,562	1,021,675	3,476,247	5,387,710	4,492,476	4,053,623	4,740,776	481,314	-	44,752,135
Net (loss) income	\$ (1,857,041)	\$ (1,668,667)	\$ (1,400,665)	\$ (1,264,940)	\$ (612,866)	\$ (1,269,590)	\$ (381,540)	\$ (412,240)	\$ (1,154,248)	\$ (1,947,408)	\$ (1,164,117)	\$ (1,366,687)	\$ (2,135,441)	\$ (481,314)	\$ -	\$ (17,116,764)

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