

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

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

December 31, 2023 and 2022

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements:	
Consolidated statements of financial position as of December 31, 2023 and 2022, with consolidating information as of December 31, 2023	6
Consolidated statements of activities for the years ended December 31, 2023 and 2022, with consolidating information as of December 31, 2023	8
Consolidated statements of changes in net assets for the years ended December 31, 2023 and 2022	9
Consolidated statements of cash flows for the years ended December 31, 2023 and 2022	10
Notes to consolidated financial statements	11
Supplementary Information:	
Consolidating schedule of financial position - not-for-profit entities as of December 31, 2023	32
Consolidating schedule of activities - not-for-profit entities for the year ended December 31, 2023	34
Consolidating schedule of financial position - housing entities as of December 31, 2023	35
Consolidating schedule of activities - housing entities for the year ended December 31, 2023	36

GRANT THORNTON LLP

445 Broad Hollow Road, Suite 300
Melville, NY 11747-3601

D +1 631 249 6001

F +1 631 249 6144

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, 2023 and 2022, 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, 2023 and 2022, 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., 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 \$569,736,798, or 54% and \$600,639,164, or 58% of consolidated total assets as of December 31, 2023 and 2022, respectively, and total revenues of \$31,560,878, or 22% and \$29,057,732, or 24% of consolidated total revenues for the years then ended December 31, 2023 and 2022, 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 - Not-for-Profit Entities, Consolidating Schedule of Activities - Not-for-Profit Entities, Consolidating Schedule of Financial Position - Housing Entities and Consolidating Schedule of Activities - Housing Entities as of and for the year ended December 31, 2023, 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 25, 2024

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022, with Consolidating Information as of December 31, 2023

	2023			2022	
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
ASSETS					
Current assets					
Cash	\$ 14,244,700	\$ 5,715,816	\$ -	\$ 19,960,516	\$ 20,416,574
Lender restricted cash	1,976,210	3,401,558	-	5,377,768	1,839,582
Contractual reserves	-	2,905,837	-	2,905,837	3,069,835
Accounts receivable, net	46,280,199	2,907,161	(1,610,491)	47,576,869	41,099,195
Advances due from affiliates	7,462,500	2,831,147	(10,293,647)	-	-
Development fees receivable	2,243,635	-	-	2,243,635	4,025,592
Other assets, net	1,674,184	604,541	-	2,278,725	2,191,246
Right-of-use assets	7,107,943	10,101	-	7,118,044	5,703,178
Total current assets	80,989,371	18,376,161	(11,904,138)	87,461,394	78,345,202
Noncurrent assets					
Contractual reserves	21,388,048	12,254,571	-	33,642,619	36,523,262
Accounts receivable, net	16,791,755	-	(960,000)	15,831,755	14,056,267
Tenant security deposits	746,333	634,613	-	1,380,946	1,299,592
Development fees receivable	28,753,686	-	(25,489,061)	3,264,625	2,999,900
Affiliate notes and interest receivable	45,374,658	-	(45,374,658)	-	-
Investment in Housing Entities	4,282,367	-	(4,282,367)	-	-
Other assets, net	1,042,318	543,692	-	1,586,010	1,455,423
Right-of-use assets	17,917,556	941,715	-	18,859,271	15,999,005
Property and equipment, net	339,814,107	573,843,468	(20,690,728)	892,966,847	887,192,246
Total noncurrent assets	476,110,828	588,218,059	(96,796,814)	967,532,073	959,525,695
Total assets	\$ 557,100,199	\$ 606,594,220	\$ (108,700,952)	\$ 1,054,993,467	\$ 1,037,870,897

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
December 31, 2023 and 2022, with Consolidating Information as of December 31, 2023

	2023			2022	
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 17,840,694	\$ 5,575,477	\$ (2,000,076)	\$ 21,416,095	\$ 20,455,398
Construction payable	1,123,500	3,834,159	-	4,957,659	6,689,866
Accrued interest payable - mortgages and notes	24,741	-	-	24,741	25,131
Advances due to affiliates	2,831,147	7,462,500	(10,293,647)	-	-
Deferred revenue	14,057,644	517,712	-	14,575,356	13,178,607
Project grant advances	676,471	-	-	676,471	176,471
Lease obligations, present value	7,235,070	-	-	7,235,070	5,791,916
Development fees payable	2,000,000	288,635	-	2,288,635	4,308,594
Mortgages and notes payable	<u>6,540,000</u>	<u>1,203,240</u>	<u>-</u>	<u>7,743,240</u>	<u>9,049,135</u>
Total current liabilities	<u>52,329,267</u>	<u>18,881,723</u>	<u>(12,293,723)</u>	<u>58,917,267</u>	<u>59,675,118</u>
Noncurrent liabilities					
Security deposits	781,513	646,611	-	1,428,124	1,540,022
Other liabilities	1,510,634	4,851,537	(960,000)	5,402,171	1,088,592
Accrued interest payable - mortgages and notes	36,040,373	22,295,452	-	58,335,825	50,339,647
Deferred revenue	6,887,090	-	(6,162,090)	725,000	725,000
Project grant advances	12,524,825	-	-	12,524,825	14,201,296
Lease obligations, present value	18,188,168	-	-	18,188,168	15,491,146
Development fees payable	1,500,000	28,464,356	(25,489,061)	4,475,295	5,703,089
Affiliate notes and interest payable	-	45,374,658	(45,374,658)	-	-
Mortgages and notes payable, net	<u>329,722,303</u>	<u>362,875,546</u>	<u>-</u>	<u>692,597,849</u>	<u>700,997,539</u>
Total noncurrent liabilities	<u>407,154,906</u>	<u>464,508,160</u>	<u>(77,985,809)</u>	<u>793,677,257</u>	<u>790,086,331</u>
Total liabilities	<u>459,484,173</u>	<u>483,389,883</u>	<u>(90,279,532)</u>	<u>852,594,524</u>	<u>849,761,449</u>
Commitments and contingencies					
Net assets					
Without donor restrictions					
Controlling interest	76,229,759	6,554,115	(13,709,603)	69,074,271	70,811,973
Noncontrolling interest	-	116,650,222	(4,711,817)	111,938,405	95,150,598
With donor restrictions	<u>21,386,267</u>	<u>-</u>	<u>-</u>	<u>21,386,267</u>	<u>22,146,877</u>
Total net assets	<u>97,616,026</u>	<u>123,204,337</u>	<u>(18,421,420)</u>	<u>202,398,943</u>	<u>188,109,448</u>
Total liabilities and net assets	<u>\$ 557,100,199</u>	<u>\$ 606,594,220</u>	<u>\$ (108,700,952)</u>	<u>\$ 1,054,993,467</u>	<u>\$ 1,037,870,897</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

December 31, 2023 and 2022, with Consolidating Information as of December 31, 2023

	2023			2022	
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues and support without donor restrictions:					
Contributions	\$ 6,338,321	\$ -	\$ -	\$ 6,338,321	\$ 4,064,428
Government grants and contracts	63,663,150	-	-	63,663,150	58,551,258
Management and partnership fees	2,621,021	-	(2,092,680)	528,341	512,389
Development fees	6,274,420	-	(45,810)	6,228,610	-
Rental income	23,099,394	30,308,308	(2,390,980)	51,016,722	41,747,374
Other income	6,222,509	2,265,275	(1,063,501)	7,424,283	5,190,905
Net assets released from restrictions	10,453,397	-	-	10,453,397	9,052,621
Total revenues and support	<u>118,672,212</u>	<u>32,573,583</u>	<u>(5,592,971)</u>	<u>145,652,824</u>	<u>119,118,975</u>
Expenses:					
Social services	68,447,606	-	(172,758)	68,274,848	55,721,842
Housing management and development	6,228,760	-	-	6,228,760	6,519,260
Permanent housing operations	17,287,595	27,068,426	(4,181,143)	40,174,878	37,191,316
Supportive services	14,198,380	-	(361,548)	13,836,832	10,996,056
General and administrative	1,518,071	-	-	1,518,071	1,303,977
Fundraising	1,295,242	-	-	1,295,242	1,091,421
Depreciation and amortization	6,473,204	17,203,112	(558,453)	23,117,863	21,137,267
Interest and service fees	8,282,746	8,947,992	(705,245)	16,525,493	15,121,334
Total expenses	<u>123,731,604</u>	<u>53,219,530</u>	<u>(5,979,147)</u>	<u>170,971,987</u>	<u>149,082,473</u>
Change in net assets before other non-recurring items	(5,059,392)	(20,645,947)	386,176	(25,319,163)	(29,963,498)
Other non-recurring items:					
Gain on forgiveness of loans and interest	1,000,000	-	-	1,000,000	4,217,052
Gain/(loss) on sale of building interest	(4,740,487)	272,751	4,941,373	473,637	-
(Decrease) increase in net assets without donor restrictions	<u>(8,799,879)</u>	<u>(20,373,196)</u>	<u>5,327,549</u>	<u>(23,845,526)</u>	<u>(25,746,446)</u>
NET ASSETS WITH DONOR RESTRICTIONS					
Revenues and support with donor restrictions:					
Contributions	9,692,787	-	-	9,692,787	11,510,916
Net assets released from restrictions	(10,453,397)	-	-	(10,453,397)	(9,052,621)
(Decrease) increase in net assets with donor restrictions	<u>(760,610)</u>	<u>-</u>	<u>-</u>	<u>(760,610)</u>	<u>2,458,295</u>
Change in net assets	(9,560,489)	(20,373,196)	5,327,549	(24,606,136)	(23,288,151)
Excess of expenses over revenues and support attributable to noncontrolling interests	-	20,371,173	-	20,371,173	23,136,656
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	<u>\$ (9,560,489)</u>	<u>\$ (2,023)</u>	<u>\$ 5,327,549</u>	<u>\$ (4,234,963)</u>	<u>\$ (151,495)</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

Years Ended December 31, 2023 and 2022

	<u>Net Assets Without Donor Restrictions</u>			Net Assets	Consolidated
	<u>Controlling</u>	<u>Noncontrolling</u>	<u>Total</u>	With Donor Restrictions	
Beginning balance, January 1, 2022	\$ 75,164,127	\$ 115,461,178	\$ 190,625,305	\$ 19,688,582	\$ 210,313,887
Contributions from investors		2,826,076	2,826,076	-	2,826,076
Increase in deferred developer fee	(1,742,364)	-	(1,742,364)	-	(1,742,364)
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(23,136,656)	(23,136,656)	-	(23,136,656)
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	<u>(2,609,790)</u>	<u>-</u>	<u>(2,609,790)</u>	<u>2,458,295</u>	<u>(151,495)</u>
Ending balance, December 31, 2022	70,811,973	95,150,598	165,962,571	22,146,877	188,109,448
Contributions from investors	-	37,158,980	37,158,980	-	37,158,980
Decrease in deferred developer fee	1,736,651	-	1,736,651	-	1,736,651
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(20,371,173)	(20,371,173)	-	(20,371,173)
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	<u>(3,474,353)</u>	<u>-</u>	<u>(3,474,353)</u>	<u>(760,610)</u>	<u>(4,234,963)</u>
Ending balance, December 31, 2023	<u>\$ 69,074,271</u>	<u>\$ 111,938,405</u>	<u>\$ 181,012,676</u>	<u>\$ 21,386,267</u>	<u>\$ 202,398,943</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

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (24,606,136)	\$ (23,288,151)
Change in deferred developer fee	1,736,651	(1,742,364)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	23,117,863	21,137,267
Amortization of debt issuance costs	335,898	329,610
Gain on forgiveness of loans and interest	(1,000,000)	(4,217,052)
Initial recognition of right-of-use assets	(10,740,240)	(27,322,984)
Initial recognition of lease obligations, present value	10,743,402	26,952,574
(Increase) decrease in operating assets:		
Accounts receivable, net	(8,253,162)	(19,752,757)
Other assets, net	(281,275)	(467,212)
Right-of-use-assets	6,465,108	5,620,801
Development fees receivable	1,517,232	2,973,372
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	960,697	3,191,560
Security deposits	(111,898)	36,785
Other liabilities	4,313,579	(101,032)
Accrued interest payable - mortgages and notes	7,995,788	8,167,349
Deferred revenue	1,396,749	1,920,469
Project grant advances	(176,471)	1,823,530
Lease obligations, present value	(6,603,226)	(5,669,512)
Development fees payable	<u>(3,247,753)</u>	<u>(3,500,946)</u>
Net cash provided by (used in) operating activities	<u>3,562,806</u>	<u>(13,908,693)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in contractual reserves	3,044,641	(2,959,512)
Payments on construction payable	(8,903,179)	(11,195,116)
Capital expenditures	<u>(21,658,283)</u>	<u>(4,314,534)</u>
Net cash used in investing activities	<u>(27,516,821)</u>	<u>(18,469,162)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions received from investors	37,158,980	2,826,076
Proceeds from loans	39,319,782	32,916,852
Repayments of loans	<u>(49,361,265)</u>	<u>(9,321,456)</u>
Net cash provided by financing activities	<u>27,117,497</u>	<u>26,421,472</u>
Net increase (decrease) in cash	3,163,482	(5,956,383)
Cash and restricted cash, beginning of year	<u>23,555,748</u>	<u>29,512,131</u>
Cash and restricted, end of year	<u>\$ 26,719,230</u>	<u>\$ 23,555,748</u>
Supplemental disclosure of information:		
Cash paid for interest	\$ 631,117	\$ 756,433
Supplemental schedule of non-cash investing and financing activities:		
Construction payable capitalized to rental property	\$ 7,170,972	\$ 11,926,635

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, 2023 and 2022

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 and contracts 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”), for-profit limited partnerships (“LP”), limited liability corporations (“LLC”), 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:

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.

Transitional Housing

Breaking Ground manages programs that provide safe, shorter-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.

Street Outreach

Breaking Ground is also 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 both supportive and transitional housing. Through compassion, patience and persistence, outreach teams build trust with homeless individuals and help them come indoors.

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, 2023 and 2022

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, BG Sutphin Housing Development Fund Corporation, 1760 Third Avenue Housing Development Fund Corporation, BG Sack Wern Housing Development Fund Corporation, Kingsboro Shelter North Housing Development Fund Corporation, Kingsboro Shelter South Housing Development Fund Corporation and Kingsboro SHOP 1 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

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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

Limited Partnership/ Limited Liability Corporation	General Partner/Managing Member
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, 2023 and 2022

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, through funds received

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 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.

As of December 31, 2023, grants and contributions receivable of approximately \$42.9 million were due to be collected within one year, and approximately \$1.2 million was due to be collected in 2025. As of December 31, 2022, grants and contributions receivable of approximately \$36.6 million were due to be collected within one year, and approximately \$980,000 was due to be collected in 2024. These amounts are included within accounts receivable, net, in the accompanying consolidated statements of financial position.

As of December 31, 2023 and 2022, Breaking Ground's outstanding conditional contributions totaled approximately \$272 million and \$205 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, 2023 and 2022 totaled \$5,508,260 and \$7,025,492, respectively.

Allowance for Uncollectible Accounts

The carrying value of accounts and development fees receivable is reduced by an appropriate allowance, if needed, for uncollectible accounts. Breaking Ground determines its allowance by considering a number of factors, including the length of time receivables are past due, previous loss history, the donor's current ability to pay their obligation, and the condition of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. Breaking Ground writes

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022 totaled \$5,347,421 and \$3,927,547, 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.
- Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Property and Equipment, net

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

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

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

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022, as management determined no such impairments existed.

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 IRC. 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.

New Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“CECL”). The FASB has subsequently issued additional guidance amending certain aspects of the measurement of CECL. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

instrument. Breaking Ground adopted Topic 326 as of January 1, 2023 using the modified retrospective basis. Accordingly, financial information for periods prior to the date of initial application has not been adjusted.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Note receivable	\$ 14,679,600	\$ 13,179,600
Government grants and contracts	39,981,418	33,462,527
Housing Entities receivables	4,666,853	3,919,066
Contribution receivables	4,091,786	4,110,783
Tenant accounts receivables	3,265,527	3,111,596
Other	<u>2,070,861</u>	<u>1,299,437</u>
Accounts receivable, gross	68,756,045	59,083,009
Less: allowance for doubtful accounts	<u>(5,347,421)</u>	<u>(3,927,547)</u>
Accounts receivable, net	<u>\$ 63,408,624</u>	<u>\$ 55,155,462</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, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 25,999,383	\$ 22,691,207
Certificate of deposit	1,800,000	1,800,000
Treasury bills	<u>14,126,841</u>	<u>16,941,472</u>
Total	<u>\$ 41,926,224</u>	<u>\$ 41,432,679</u>

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Breaking Ground's lender restricted cash and contractual reserves classified within the fair value hierarchy as of December 31, 2023 and 2022 consisted of the following:

	2023	
	Total	
Cash and cash equivalents	\$ 25,999,383	
	Level 2	
Certificate of deposit	\$ 1,800,000	1,800,000
Treasury bills	14,126,841	14,126,841
	Total	
	\$ 15,926,841	\$ 41,926,224
	2022	
	Total	
Cash and cash equivalents	\$ 22,691,207	
	Level 2	
Certificate of deposit	\$ 1,800,000	1,800,000
Treasury bills	16,941,472	16,941,472
	Total	
	\$ 18,741,472	\$ 41,432,679

Interest income for the years ended December 31, 2023 and 2022 totaled \$812,825 and \$301,998, respectively, and is recorded as other income within the consolidated statements of activities. Contractual reserve fees for the years ended December 31, 2023 and 2022 totaled \$393,189 and \$396,662, 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:

	2023	2022
Cash	\$ 19,960,516	\$ 20,416,574
Lender restricted cash	5,377,768	1,839,582
Tenant security deposits	1,380,946	1,299,592
	Total cash and restricted cash shown in the consolidated statements of cash flows	
	\$ 26,719,230	\$ 23,555,748

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 998,448,908	\$ 772,227,438
Leasehold improvements	4,321,628	4,742,807
Furniture and equipment	22,275,018	22,588,303
Land improvements	10,196,153	10,384,056
	<u>1,035,241,707</u>	<u>809,942,604</u>
Total depreciable assets		
	1,035,241,707	809,942,604
Less: accumulated depreciation	(230,552,824)	(216,136,486)
	<u>804,688,883</u>	<u>593,806,118</u>
Total depreciable assets net of depreciation		
	804,688,883	593,806,118
Land	45,234,073	45,815,062
Construction-in-progress	43,043,891	247,571,066
	<u>\$ 892,966,847</u>	<u>\$ 887,192,246</u>
Total property and equipment, net		
	\$ 892,966,847	\$ 887,192,246

Depreciation and amortization expense totaled \$23,117,863 and \$21,137,267 for the years ended December 31, 2023 and 2022, respectively. Ongoing construction-in-progress projects relating to Chelsea Residence Limited Partnership, BG Sutphin Owner LLC and 1760 Third Avenue Housing Development Fund Corporation are expected to be completed in 2025, 2026 and 2027, respectively.

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, 2023 and 2022

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>2023</u>	<u>2022</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	6/28/2023
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 II - 90 Sands HDFC	2,000,000	2,000,000	11/1/2063
BG IV - Andrews	500,000	500,000	4/17/2024
BG - Neighborhood Stabilization Program	722,353	898,824	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> </u>	<u> </u>	
Total project grant advances	<u>\$ 13,201,296</u>	<u>\$ 14,377,767</u>	

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022 consisted of the following:

Entity	Lender	2023	2022	Final Maturity Date	Interest Rate
BG	van Ameringen Foundation	\$ 1,500,000	\$ 1,500,000	9/30/2024	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	5/30/2027	2%
BG	Wells Fargo Community Investment Holdings	600,000	600,000	1/1/2027	2%
BG	Deutsche Bank Foundation PRI Grant	40,000	80,000	11/30/2024	0%
BG	Deutsche Bank Foundation PRI Grant	80,000	40,000	11/30/2026	0%
BG	Nonprofit Finance Fund	-	950,000	12/28/2023	0%
BG	J.P. Morgan Chase Bank, N.A.	5,000,000	4,000,000	9/30/2024	SOFR +2.0%
BG	Mizuho Bank (USA)	5,000,000	2,000,000	10/16/2025	SOFR + 1.50%
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	-	85,305	8/15/2023	6.49%
BG IV	NYC Department of Housing Preservation and Development	2,362,940	2,362,940	1/5/2040	1%
BG IV	NYS Homeless Housing Assistance Corporation	5,698,300	5,698,300	1/5/2040	1%
BG IV	NYC Department of Housing Preservation and Development - Reso A	1,331,809	1,331,809	1/5/2040	1%
BG IV	NYC Housing Finance Agency	581,000	581,000	1/5/2040	0%
BG II	Corporation for Supportive Housing	-	1,000,000	3/30/2023	6%
BG II	NYC Down Payment Assistance Fund, LLC	992,986	953,273	1/1/2025	4%
Prince George Associates, L.P.	NYC Department of Housing Preservation and Development	12,584,740	12,581,038	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%
90 Sands H.D.F.C.	NYC Housing Development Corporation	66,004,284	60,369,026	8/30/2063	ST-4.6% / LT-5.075%
90 Sands H.D.F.C.	NYC Housing Development Corporation	5,999,800	5,850,481	8/30/2063	ST-4.6% / LT-5.075%
Chelsea Residence Limited Partnership	NYC Department of Housing Preservation and Development	15,086,498	16,521,309	7/1/2055	3.72%
Chelsea Residence Limited Partnership	NYS Homeless Housing Assistance Corporation	5,469,414	5,469,414	7/1/2055	1%
Chelsea Residence Limited Partnership	NYC Housing Development Corporation	1,461,586	-	7/1/2055	3.72%
Chelsea Residence Limited Partnership	Low Income Investment Fund	2,839,239	-	7/1/2055	3.72%
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	19,550,793	19,540,615	4/29/2038	1%
Pitt Street L.P.	NYC Department of Housing Preservation and Development	24,397,812	24,382,442	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	17,023,333	17,018,778	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%
St. Mark's Brownsville L.P.	NYC Department of Housing Preservation and Development - Reso A	701,754	699,983	11/26/2050	0%
410 Asylum Street, LLC	State of Connecticut	-	2,000,000	11/1/2023	1%
410 Asylum Street, LLC	City of Hartford	-	242,014	11/1/2023	1%
410 Asylum Street, LLC	Connecticut Housing Finance Authority	-	3,465,344	11/1/2023	5.25%
410 Asylum Street, LLC	Connecticut Housing Finance Authority	-	6,073,808	11/1/2023	0%

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Entity	Lender	2023	2022	Final Maturity Date	Interest Rate
Hegeman Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	\$ 17,599,744	\$ 17,586,229	12/22/2042	1%
Hegeman Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	5,580,554	5,580,554	12/8/2039	1%
Hegeman Avenue Housing L.P.	New York Housing Finance Agency	910,209	910,209	5/1/2040	1%
Common Ground Cedarwoods Housing LLC	Connecticut Housing Finance Authority	5,617,337	5,615,063	10/1/2060	0%
Common Ground Cedarwoods Housing LLC	State of Connecticut	3,430,000	3,430,000	12/15/2060	0%
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	1,657,717	1,656,620	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	4,427,734	4,529,561	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	0%
Webster Avenue Affordable LLC	NYC Housing Development Corporation	8,721,554	8,837,110	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	0%
Webster Avenue Supportive LLC	NYS Housing Finance Agency	13,919,633	14,194,740	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	0%
La Central Supportive L.P.	NYS Housing Finance Agency	6,800,716	6,920,708	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	10,362,742	10,527,458	2/1/2051	4.85%
Edwin's Place L.P.	NYS Housing Finance Agency	9,410,542	9,410,542	2/1/2051	0.50%
Edwin's Place L.P.	NYC Department of Housing Preservation and Development	10,710,000	10,710,000	4/22/2052	0.25%
Edwin's Place L.P.	NYS Homeless Housing Assistance Corporation	7,000,000	7,000,000	9/22/2050	0%
Betances L.P.	NYC Department of Housing Preservation and Development	12,801,102	12,724,800	4/30/2062	2.72%
Betances L.P.	NYC Housing Development Corporation	22,084,931	51,232,948	11/1/2062	5.58%
Betances L.P.	NYS Homeless Housing Assistance Corporation	2,700,000	2,699,800	40 yrs. after occupancy	0%
Betances L.P.	NYC Housing Development Corporation	8,391,616	8,359,800	11/1/2062	2.72%
Betances L.P.	NYC Department of Housing Preservation and Development	500,000	-	9/12/2063	2.72%
BG Sutphin Owner LLC	NYC Department of Housing Preservation and Development	4,070,246	-	ST-43 months after closing / LT-40 yrs. after conversion	ST-1%/ LT-1.68%
BG Sutphin Owner LLC	NYS Homeless Housing Assistance Corporation	134,943	-	occurs 40 yrs. after occupancy	0%
BG Sutphin Owner LLC	NYS Housing Finance Agency	16,049,789	-	ST-10/1/2026 / LT-	ST-4.40% / LT-
BG Sutphin Owner LLC	NYS Housing Finance Agency	430,489	-	8/1/2066	5.75%
				8/1/2066	.20%
	Total mortgages and notes payable	<u>\$ 700,341,089</u>	<u>\$ 710,046,674</u>		

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Included within mortgages and notes payable are debt issuance costs of \$8,192,171 and \$8,577,005, as of December 31, 2023 and 2022, respectively.

The scheduled future principal payments follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 7,743,240
2025	10,511,927
2026	1,969,331
2027	1,622,291
2028	1,468,759
Thereafter	<u>677,025,541</u>
	<u>\$ 700,341,089</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, 2023 and 2022, Breaking Ground was in compliance with all financial and operating covenants.

Interest and service fees totaling \$16,525,493 and \$15,121,334 were expensed for the years ended December 31, 2023 and 2022, respectively.

NOTE 9 - 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, 2023 and 2022 was derived from the following federal, New York City and New York State government agencies:

	<u>2023</u>	<u>2022</u>
NYC Department of Homeless Services	\$ 52,900,586	\$ 48,592,338
NYC Department of Health and Mental Hygiene	5,547,414	5,220,070
NYC HIV/AIDS Service Administration	2,902,099	2,804,938
NYS Office of Mental Health	1,589,411	1,287,909
Empire State Supportive Housing Initiative	363,215	404,196
NYS Office of Temporary and Disability Assistance	262,656	241,807
Federal Emergency Management Agency	<u>97,769</u>	<u>-</u>
	<u>\$ 63,663,150</u>	<u>\$ 58,551,258</u>

NOTE 10 - DEFINED CONTRIBUTION PLANS

Breaking Ground sponsors a 403(b) Tax Deferred Savings Plan (the "403(b) Plan") that covers all full-time non-union employees. Under the terms of the 403(b) Plan, employees may contribute any amount that would not exceed the limitations provided in the IRC or otherwise disqualify the 403(b) Plan. Breaking Ground made 403(b) Plan contributions totaling \$595,588 and \$533,478 for the years ended December 31, 2023 and 2022, respectively.

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022, the liability relating to this plan totaled \$570,898 and \$450,892, 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, and are included in other assets in the accompanying consolidated statements of financial position.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Leases

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 \$1,058,366 and \$1,107,490 for the years ended December 31, 2023 and 2022, respectively. Estimated future minimum receipts due under the terms of the leases follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 672,327
2025	682,937
2026	306,153
2027	48,750
2028	48,750
Thereafter	<u>251,875</u>
	<u>\$ 2,010,792</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, 2023 and 2022, there were no outstanding unfunded guarantees.

Management Fee Guarantees

Property management fees are based on certain percentages of the monthly rents collected by the various projects, as defined in the respective Management Agreements. The Housing Entities are obligated under these various agreements with property management companies expiring on various dates, in connection with the management of the rental operations of the projects. As of December 31, 2023 and 2022, there were no outstanding unfunded guarantees.

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and 2022 because it was 79% and 79%, 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 "generally" less than 80% funded, and plans in the green zone are at least 80% funded. For the years ended December 31, 2023 and 2022, Breaking Ground contributed \$138,070 and \$150,092, respectively, to the Fund, which is less than 5% of the plan's contributions.

Other Contingencies

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

Breaking Ground receives funding from government grants, which are subject to audit by various governmental agencies. The ultimate determination of amounts received under these grants generally is based upon allowable costs reported to and subject to audit by the governments or their designees. Breaking Ground establishes a general provision for government contracts based on past experiences and current year contract assessments. In the opinion of management, exposure, if any, will not materially affect the consolidated financial statements of Breaking Ground.

NOTE 12 - LEASES

Breaking Ground assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the Organization's right to control the use of an identified asset for a period of time in exchange for consideration. The Organization leases office space and equipment under non-cancelable lease agreements, for which ROU assets and lease obligations are recorded in the accompanying 2023 statements of financial position. These leases expire on various dates through fiscal 2037 and are subject to escalation for real estate tax increases and other building operating expenses. The Organization measures its lease assets and liabilities using the risk-free rate of return selected based on the lease term. The Organization considered the likelihood of exercising renewal or termination options in measuring the ROU assets and lease obligations and has included renewal periods in its assessment of lease terms when provided for in the lease. The Organization's lease payments are based on fixed payments, contain no variable or short-term leases, and contain no termination options or residual value guarantees.

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Supplemental statement of financial position information related to operating leases at December 31, 2023:

Right-of-use assets	\$ 32,442,423
Accumulated amortization	<u>(6,465,108)</u>
	<u>\$ 25,977,315</u>
Weighted-average remaining lease term:	5.6 years
Weighted-average discount rate:	6.0%

Fiscal Year December 31:

2023	\$ 10,727,495
2024	7,997,894
2025	3,897,831
2026	1,462,596
2027	1,462,596
Thereafter	<u>5,982,017</u>
Total lease obligations, present value, gross	31,530,429
Less: discount factor at 6%	<u>(6,107,191)</u>
Total lease obligations, present value, net	<u>\$ 25,423,238</u>

Rent expense (including escalation costs) amounted to \$9,997,256 and \$9,309,139 for the years ended December 31, 2023 and 2022, respectively. During the current year, there were two new lease agreements.

The components of lease cost for the year ended December 31, 2023 are as follows:

Operating lease cost	\$ 9,997,256
----------------------	--------------

Supplemental cash flow information related to leases for the year ended December 31, 2023 is as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 10,062,434

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 patient capital 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.

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Financial assets available for general expenditures within one for the years ended December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 19,960,516	\$ 20,416,574
Accounts receivable	47,576,869	41,099,195
Development fees receivable	<u>2,243,635</u>	<u>4,025,592</u>
Total available resources	<u>69,781,020</u>	<u>65,541,361</u>
Less:		
Net assets with donor restrictions:		
Development purpose	(6,202,717)	(5,990,000)
Program purpose	<u>(5,050,551)</u>	<u>(5,699,609)</u>
Total financial assets available for general expenditures	<u>\$ 58,527,752</u>	<u>\$ 53,851,752</u>

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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, 2023 and summarized 2022 consisted of the following:

	Program Services				Supporting Services			Total Not-for-Profit Operations	Housing Entities		Total Expenses		
	Social Services	Housing Management and Development	Permanent Housing Operations	Total Program Services	Supportive Services	General and Administrative	Fundraising		Permanent Housing Operations	Eliminations	2023	2022	
Salaries	\$ 26,221,281	\$ 3,850,112	\$ 5,042,186	\$ 35,113,579	\$ 7,791,541	\$ 582,525	\$ 548,371	\$ 8,922,437	\$ 44,036,016	\$ 4,199,758	\$ (79,025)	\$ 48,156,749	\$ 38,938,102
Fringe benefits	5,414,395	1,209,825	1,284,847	7,909,067	1,961,194	142,991	111,661	2,215,846	10,124,913	947,878	-	11,072,791	8,057,518
Total personnel	31,635,676	5,059,937	6,327,033	43,022,646	9,752,735	725,516	660,032	11,138,283	54,160,929	5,147,636	(79,025)	59,229,540	46,995,620
Professional and management fees	5,820,603	98,344	664,263	6,583,210	1,528,100	158,228	-	1,686,328	8,269,538	3,464,240	(2,390,708)	9,343,070	7,533,385
Rent expense	8,721,831	430,863	226,194	9,378,888	1,252,505	-	-	1,252,505	10,631,393	297,460	(304,409)	10,624,444	9,851,090
Utilities	1,830,216	-	3,089,849	4,920,065	101,752	-	-	101,752	5,021,817	4,207,730	(427,928)	8,801,619	7,705,706
Security	5,247,989	-	513,453	5,761,442	-	59,385	-	59,385	5,820,827	3,703,522	(1,365,611)	8,158,738	7,817,081
Repairs and maintenance	2,730,051	39,820	2,797,093	5,566,964	121,649	94,651	-	216,300	5,783,264	4,095,131	(223,267)	9,655,128	8,850,079
Events and other fundraising	-	-	-	-	-	159,161	612,049	771,210	771,210	-	-	771,210	533,762
Insurance	1,177,754	46,622	1,536,866	2,761,242	84,855	41,165	-	126,020	2,887,262	2,007,614	(268,676)	4,626,200	3,702,563
Client expense	7,505,817	68,575	506,965	8,081,357	23,932	-	-	23,932	8,105,289	-	443,663	8,548,952	7,789,730
Office expense	1,715,331	122,907	605,530	2,443,768	548,365	47,017	6,141	601,523	3,045,291	940,838	(25,125)	3,961,004	3,416,497
Staff expense	1,128,703	221,111	25,526	1,375,340	353,297	13,409	2,467	369,173	1,744,513	46,178	398	1,791,089	1,077,603
Fees and other expense	545,452	140,581	246,278	932,311	284,543	219,539	7,005	511,087	1,443,398	1,372,011	(74,761)	2,740,648	4,348,961
Bad debt	388,183	-	748,545	1,136,728	146,647	-	7,548	154,195	1,290,923	1,786,066	-	3,076,989	3,201,795
Total expenses before depreciation and amortization	68,447,606	6,228,760	17,287,595	91,963,961	14,198,380	1,518,071	1,295,242	17,011,693	108,975,654	27,068,426	(4,715,449)	131,328,631	112,823,872
Depreciation and amortization	-	-	5,963,170	5,963,170	510,034	-	-	510,034	6,473,204	17,203,112	(558,453)	23,117,863	21,137,267
Interest and service fees	-	-	7,405,471	7,405,471	877,275	-	-	877,275	8,282,746	8,947,992	(705,245)	16,525,493	15,121,334
Total expenses	\$ 68,447,606	\$ 6,228,760	\$ 30,656,236	\$105,332,602	\$15,585,689	\$ 1,518,071	\$1,295,242	\$ 18,399,002	\$123,731,604	\$53,219,530	\$(5,979,147)	\$ 170,971,987	\$149,082,473

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Housing Operations and Tenant Services	\$ 6,571,779	\$ 3,643,000
Street to Home Outreach	733,746	1,180,055
Housing Development	5,512,717	5,637,117
NYC Partnership Foundation	-	2,600,079
HUD Capital Advance	7,068,025	7,336,026
Development Reserve	750,000	750,000
Time-restricted	750,000	1,000,000
	<u>\$ 21,386,267</u>	<u>\$ 22,146,877</u>

NOTE 16 - NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2023 and 2022, net assets with donor restrictions that were released from restrictions in satisfaction of donor time or purpose restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Housing Operations and Tenant & Program Services	\$ 2,677,651	\$ 1,414,229
Street to Home Outreach	586,850	394,005
Housing Development	125,000	5,380,650
NYC Partnership Foundation	6,545,895	1,345,736
HUD Capital Advance	268,001	268,001
Time-restricted	250,000	250,000
	<u>\$ 10,453,397</u>	<u>\$ 9,052,621</u>

NOTE 17 - SUBSEQUENT EVENTS

Breaking Ground evaluated its December 31, 2023, consolidated financial statements for subsequent events through June 25, 2024, the date the consolidated financial statements were available to be issued. Breaking Ground is not aware of any material subsequent events that would require recognition or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Breaking Ground Housing Development Fund Corporation and Affiliates
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - NOT-FOR-PROFIT ENTITIES
As of December 31, 2023

ASSETS	Breaking Ground H.D.F.C.	Breaking Ground Management	Breaking Ground II H.D.F.C.	Breaking Ground III H.D.F.C.	Breaking Ground IV H.D.F.C.	Common Ground Jobs Training Corp.	General Partners	Not-for-Profit Entities Eliminations	Total Not-for-Profit Entities
CURRENT ASSETS									
Cash	\$ 2,019,354	\$ 5,540,836	\$ 5,325,025	\$ 678,415	\$ 5,909	\$ 211,481	\$ 463,680	\$ -	\$ 14,244,700
Lender restricted cash	1,975,320	-	-	-	890	-	-	-	1,976,210
Accounts receivable, net	5,534,928	34,338,821	2,963,205	619,341	5,613,930	1,265	23,766	(2,815,057)	46,280,199
Advances due from affiliates	215,445,828	37,628,223	57,058,331	809,471	966,254	10,143,966	398,670	(314,988,243)	7,462,500
Development fee receivable	-	-	2,243,635	-	-	-	-	-	2,243,635
Other assets, net	304,615	1,178,063	128,134	58,864	9	4,499	-	-	1,674,184
Right-of-use assets	28,328	7,059,627	-	-	-	-	19,988	-	7,107,943
Total current assets	<u>225,308,373</u>	<u>85,745,570</u>	<u>67,718,330</u>	<u>2,166,091</u>	<u>6,586,992</u>	<u>10,361,211</u>	<u>906,104</u>	<u>(317,803,300)</u>	<u>80,989,371</u>
NONCURRENT ASSETS									
Contractual reserves	8,320,173	-	10,970,983	2,095,930	962	-	-	-	21,388,048
Accounts receivable, net	15,831,755	582,792	-	-	-	-	960,000	(582,792)	16,791,755
Tenant security deposits	155,824	37,000	438,169	37,699	-	77,641	-	-	746,333
Development fees receivable	3,400,818	-	25,352,868	-	-	-	-	-	28,753,686
Affiliate notes and interest receivable	39,182,147	8,789,343	23,712,114	-	-	1,979,694	31,529	(28,320,169)	45,374,658
Investment in housing entities	(5,714)	-	(1,943,148)	783,998	-	-	5,447,231	-	4,282,367
Other assets, net	120,202	884,085	26,945	-	-	11,086	-	-	1,042,318
Right-of-use assets	348,613	17,232,844	-	-	-	-	336,099	-	17,917,556
Property and equipment, net	28,572,771	706,237	281,250,463	18,956,645	10,324,335	3,656	-	-	339,814,107
Total noncurrent assets	<u>95,926,589</u>	<u>28,232,301</u>	<u>339,808,394</u>	<u>21,874,272</u>	<u>10,325,297</u>	<u>2,072,077</u>	<u>6,774,859</u>	<u>(28,902,961)</u>	<u>476,110,828</u>
Total assets	<u>\$ 321,234,962</u>	<u>\$ 113,977,871</u>	<u>\$ 407,526,724</u>	<u>\$ 24,040,363</u>	<u>\$ 16,912,289</u>	<u>\$ 12,433,288</u>	<u>\$ 7,680,963</u>	<u>\$ (346,706,261)</u>	<u>\$ 557,100,199</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 FINANCIAL POSITION - NOT-FOR-PROFIT ENTITIES - CONTINUED
As of December 31, 2023

LIABILITIES AND NET ASSETS (DEFICIT)	Breaking Ground H.D.F.C.	Breaking Ground Management	Breaking Ground II H.D.F.C.	Breaking Ground III H.D.F.C.	Breaking Ground IV H.D.F.C.	Common Ground Jobs Training Corp.	General Partners	Not-for-Profit Entities Eliminations	Total Not-for-Profit Entities
CURRENT LIABILITIES									
Accounts payable and accrued expenses	\$ 1,431,913	\$ 14,069,843	\$ 3,687,820	\$ 784,754	\$ 90,191	\$ -	\$ 591,230	\$ (2,815,057)	\$ 17,840,694
Construction payable	-	-	1,118,586	4,914	-	-	-	-	1,123,500
Accrued interest payable - mortgages and notes	-	-	7,014	17,727	-	-	-	-	24,741
Advances due to affiliates	108,402,677	163,984,593	23,592,288	2,292,237	13,020,099	1,167,068	5,360,428	(314,988,243)	2,831,147
Deferred revenue	1,191,725	11,442,765	22,920	-	1,400,234	-	-	-	14,057,644
Project grant advances	176,471	-	-	-	500,000	-	-	-	676,471
Lease obligations, present value	26,965	7,191,894	-	-	-	-	16,211	-	7,235,070
Development fee payable	-	-	2,000,000	-	-	-	-	-	2,000,000
Mortgages and notes payable	6,540,000	-	-	-	-	-	-	-	6,540,000
Total current liabilities	<u>117,769,751</u>	<u>196,689,095</u>	<u>30,428,628</u>	<u>3,099,632</u>	<u>15,010,524</u>	<u>1,167,068</u>	<u>5,967,869</u>	<u>(317,803,300)</u>	<u>52,329,267</u>
NONCURRENT LIABILITIES									
Security deposits	172,609	51,653	441,911	37,699	-	77,641	-	-	781,513
Other liabilities	-	570,898	1,249,221	-	-	-	273,307	(582,792)	1,510,634
Accrued interest payable - mortgages and notes	3,575,670	-	30,304,382	1,662,507	497,814	-	-	-	36,040,373
Deferred revenue	803,633	-	6,083,457	-	-	-	-	-	6,887,090
Project grant advances	5,450,882	-	7,073,943	-	-	-	-	-	12,524,825
Lease obligations, present value	336,119	17,502,389	-	-	-	-	349,660	-	18,188,168
Development fee payable	-	-	1,500,000	-	-	-	-	-	1,500,000
Affiliate notes and interest payable	-	-	28,195,169	125,000	-	-	-	(28,320,169)	-
Mortgages and notes payable, net	48,309,707	-	246,581,810	24,856,737	9,974,049	-	-	-	329,722,303
Total noncurrent liabilities	<u>58,648,620</u>	<u>18,124,940</u>	<u>321,429,893</u>	<u>26,681,943</u>	<u>10,471,863</u>	<u>77,641</u>	<u>622,967</u>	<u>(28,902,961)</u>	<u>407,154,906</u>
Total liabilities	<u>176,418,371</u>	<u>214,814,035</u>	<u>351,858,521</u>	<u>29,781,575</u>	<u>25,482,387</u>	<u>1,244,709</u>	<u>6,590,836</u>	<u>(346,706,261)</u>	<u>459,484,173</u>
NET ASSETS (DEFICIT)									
Without donor restrictions	123,430,324	(100,836,164)	55,668,203	(5,741,212)	(8,570,098)	11,188,579	1,090,127	-	76,229,759
With donor restrictions	21,386,267	-	-	-	-	-	-	-	21,386,267
Total net assets (deficit)	<u>144,816,591</u>	<u>(100,836,164)</u>	<u>55,668,203</u>	<u>(5,741,212)</u>	<u>(8,570,098)</u>	<u>11,188,579</u>	<u>1,090,127</u>	<u>-</u>	<u>97,616,026</u>
Total liabilities and net assets	<u>\$ 321,234,962</u>	<u>\$ 113,977,871</u>	<u>\$ 407,526,724</u>	<u>\$ 24,040,363</u>	<u>\$ 16,912,289</u>	<u>\$ 12,433,288</u>	<u>\$ 7,680,963</u>	<u>\$ (346,706,261)</u>	<u>\$ 557,100,199</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 - NOT-FOR-PROFIT ENTITIES - CONTINUED

For the Year Ended December 31, 2023

	Breaking Ground H.D.F.C.	Breaking Ground Management	Breaking Ground II H.D.F.C.	Breaking Ground III H.D.F.C.	Breaking Ground IV H.D.F.C.	Common Ground Jobs Training Corp.	General Partners	Not-for-Profit Entities Eliminations	Total Not-for-Profit Entities
REVENUES AND SUPPORT									
Contributions	\$ 16,031,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,031,108
Government grants and contracts	5,662,222	49,661,321	1,881,765	361,336	6,096,506	-	-	-	63,663,150
Management and partnership fees	-	4,142,955	-	-	-	-	168,333	(1,690,267)	2,621,021
Development fees	-	-	6,274,420	-	-	-	-	-	6,274,420
Rental income	7,942,067	1,942,050	12,003,640	2,858,785	33,952	215,167	40,000	(1,936,267)	23,099,394
Other income (loss)	1,763,367	3,764,853	854,045	162,256	202	9,571	(2,023)	(329,762)	6,222,509
Total revenues and support	31,398,764	59,511,179	21,013,870	3,382,377	6,130,660	224,738	206,310	(3,956,296)	117,911,602
EXPENSES									
Program services:									
Social services	14,212,437	47,489,319	1,739,492	313,547	4,954,833	-	-	(262,022)	68,447,606
Housing management and development	-	6,228,760	-	-	-	-	-	-	6,228,760
Permanent housing operations	7,716,665	146,780	10,257,275	2,531,387	-	-	-	(3,364,512)	17,287,595
Total program services	21,929,102	53,864,859	11,996,767	2,844,934	4,954,833	-	-	(3,626,534)	91,963,961
Supporting services:									
Supportive services	1,533,460	10,939,967	143,804	45,293	1,294,914	-	240,942	-	14,198,380
General and administrative	-	1,481,687	-	-	-	36,384	-	-	1,518,071
Fundraising	1,295,242	-	-	-	-	-	-	-	1,295,242
Depreciation and amortization	1,734,629	79,897	3,585,147	643,395	417,997	12,139	-	-	6,473,204
Interest and service fees	873,475	336,894	6,962,508	395,632	35,672	8,327	-	(329,762)	8,282,746
Total supporting services	5,436,806	12,838,445	10,691,459	1,084,320	1,748,583	56,850	240,942	(329,762)	31,767,643
Total expenses	27,365,908	66,703,304	22,688,226	3,929,254	6,703,416	56,850	240,942	(3,956,296)	123,731,604
Change in net assets before other non-recurring items	4,032,856	(7,192,125)	(1,674,356)	(546,877)	(572,756)	167,888	(34,632)	-	(5,820,002)
Other non-recurring items:									
Gain on forgiveness of loans and interest	-	-	-	1,000,000	-	-	-	-	1,000,000
Gain/(loss) on sale of building interest	-	(643,449)	(3,974,503)	-	-	-	(122,535)	-	(4,740,487)
Changes in net assets	4,032,856	(7,835,574)	(5,648,859)	453,123	(572,756)	167,888	(157,167)	-	(9,560,489)

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

Breaking Ground Housing Development Fund Corporation and Affiliates
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - HOUSING ENTITIES
As of December 31, 2023

	Schermerhorn L.P.	Pitt Street L.P.	Brook Avenue Housing L.P.	St. Marks Brownsville L.P.	410 Asylum Street (Combined)	Hegeman Avenue Housing L.P.	Common Ground Cedarwoods Housing LLC	1630 Dewey Avenue LLC	Boston Road Housing, L.P.	Webster Avenue Affordable LLC	Webster Avenue Supportive LLC	La Central Supportive L.P.	Edwin's Place L.P.	BG Betances L.P.	BG Sutphin Owner LLC	Housing Entities Eliminations	Total Housing Entities
ASSETS																	
CURRENT ASSETS																	
Cash	\$ 68,506	\$ 202,178	\$ 67,968	\$ 103,724	\$ -	\$ 146,312	\$ 31,168	\$ 18,153	\$ 154,110	\$ 157,727	\$ 1,030,419	\$ 1,145,352	\$ 1,421,591	\$ 1,168,608	\$ -	\$ -	\$ 5,715,816
Lender restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	5,265	1,233	3,395,060	-	3,401,558
Contractual reserves	-	-	-	-	-	-	-	-	679,961	1,107,884	486,939	26,309	357,319	247,425	-	-	2,905,837
Accounts receivable, net	475,482	518,878	211,302	30,819	-	219,138	14,710	39,134	101,795	513,073	192,091	190,045	141,310	259,384	-	-	2,907,161
Advances due from affiliates	1,327,417	546,880	956,850	-	-	-	-	-	-	-	470,700	-	-	-	-	(470,700)	2,831,147
Other assets, net	18,761	16,758	11,176	19,716	-	9,170	-	21,412	9,508	254,237	77,289	105,339	22,849	33,826	4,500	-	604,541
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	10,101	-	-	10,101
Total current assets	1,890,166	1,284,694	1,247,296	154,259	-	374,620	45,878	78,699	945,374	2,032,921	2,257,438	1,467,045	1,948,334	1,720,577	3,399,560	(470,700)	18,376,161
NONCURRENT ASSETS																	
Contractual reserves	573,062	491,703	490,460	1,768,126	-	442,057	684,575	875,312	1,930,730	788,576	799,938	1,046,748	1,001,464	1,361,820	-	-	12,254,571
Tenant security deposits	84,221	73,640	44,371	12,443	-	35,247	44,471	24,326	30,216	154,282	45,280	37,601	25,387	23,128	-	-	634,613
Other assets, net	-	11,058	4,912	12,536	-	-	8,958	20,369	9,630	98,434	22,600	24,341	56,650	274,204	-	-	543,692
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	941,715	-	-	941,715
Property and equipment, net	37,129,844	40,311,313	25,107,920	16,474,416	-	29,498,379	9,273,538	10,388,344	39,785,500	71,637,089	52,457,395	56,372,541	66,402,989	85,546,338	33,457,862	-	573,843,468
Total noncurrent assets	37,787,127	40,887,714	25,647,663	18,267,521	-	29,975,683	10,011,542	11,308,351	41,756,076	72,678,381	53,325,213	57,481,231	67,486,490	88,147,205	33,457,862	-	588,218,059
Total assets	\$ 39,677,293	\$ 42,172,408	\$ 26,894,959	\$ 18,421,780	\$ -	\$ 30,350,303	\$ 10,057,420	\$ 11,387,050	\$ 42,701,450	\$ 74,711,302	\$ 55,582,651	\$ 58,948,276	\$ 69,434,824	\$ 89,867,782	\$ 36,857,422	\$ (470,700)	\$ 606,594,220
LIABILITIES AND PARTNERS'/MEMBERS' EQUITY (DEFICIT)																	
CURRENT LIABILITIES																	
Accounts payable and accrued expenses	\$ 1,175,940	\$ 451,290	\$ 346,704	\$ 152,393	\$ -	\$ 561,197	\$ 87,795	\$ 190,001	\$ 529,122	\$ 536,079	\$ 613,915	\$ 304,572	\$ 366,963	\$ 259,506	\$ -	\$ -	\$ 5,575,477
Construction payable	-	-	-	-	-	-	-	-	25,000	161,278	-	-	-	50,000	3,597,881	-	3,834,159
Accrued interest payable - mortgages and notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances due to affiliates	2,087,950	7	-	3,029,060	-	151,024	503,347	145,216	55,385	1,253,986	560,820	47,472	21,824	1,375	75,734	(470,700)	7,462,500
Deferred revenue	-	-	-	-	-	-	-	-	-	244,891	272,821	-	-	-	-	-	517,712
Lease obligations, present value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development fee payable	-	-	-	-	-	-	-	-	-	-	-	-	150,000	138,635	-	-	288,635
Mortgages and notes payable	-	-	-	-	-	-	-	-	135,775	201,553	326,953	152,923	203,577	182,459	-	-	1,203,240
Total current liabilities	3,263,890	451,297	346,704	3,181,453	-	712,221	591,142	335,217	745,282	2,397,787	1,774,509	504,967	742,364	631,975	3,673,615	(470,700)	18,881,723
NONCURRENT LIABILITIES																	
Security deposits	83,586	71,800	44,371	12,443	-	35,047	42,629	23,877	27,922	153,436	45,280	55,001	25,387	25,832	-	-	646,611
Other liabilities	110,000	-	745,000	-	-	150,000	65,960	-	-	-	-	-	-	-	3,780,577	-	4,851,537
Accrued interest payable - mortgages and notes	3,720,522	4,047,197	2,860,806	258,470	-	2,679,908	-	409,574	2,695,818	441,460	715,335	1,214,923	1,553,549	1,697,890	-	-	22,295,452
Lease obligations, present value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development fees payable	2,807,669	-	1,845,114	593,149	-	-	-	-	1,250,801	1,898,900	2,052,675	469,216	3,766,738	8,980,094	4,800,000	-	28,464,356
Affiliate notes and interest payable	708,840	3,206,686	1,537,500	17,809,545	-	5,040,664	1,404,471	1,456,704	3,109,126	3,944,080	205,200	398,148	1,431,149	3,842,595	1,279,950	-	45,374,658
Mortgages and notes payable, net	26,300,593	30,918,570	21,023,333	2,505,054	-	24,090,507	9,047,337	4,657,717	25,181,959	44,298,383	34,200,680	36,391,049	37,279,707	46,295,190	20,685,467	-	362,875,546
Total noncurrent liabilities	33,731,210	38,244,253	28,056,124	21,178,661	-	31,996,126	10,560,397	6,547,872	32,265,626	50,736,259	37,219,170	38,528,337	44,056,530	60,841,601	30,545,994	-	464,508,160
Total liabilities	36,995,100	38,695,550	28,402,828	24,360,114	-	32,708,347	11,151,539	6,883,089	33,010,908	53,134,046	38,993,679	39,033,304	44,798,894	61,473,576	34,219,609	(470,700)	483,389,883
PARTNERS'/MEMBERS' EQUITY (DEFICIT)																	
Controlling interest	(2,573)	3,947,735	(1,847)	(732)	-	(1,523)	(509)	1,708,400	(879)	(1,531)	(928)	(760)	910,228	(966)	-	-	6,554,115
Noncontrolling interest	2,684,766	(470,877)	(1,506,022)	(5,937,602)	-	(2,356,521)	(1,093,610)	2,795,561	9,691,421	21,578,787	16,589,900	19,915,732	23,725,702	28,395,172	2,637,813	-	116,650,222
Total partners'/members' equity (deficit)	2,682,193	3,476,858	(1,507,869)	(5,938,334)	-	(2,358,044)	(1,094,119)	4,503,961	9,690,542	21,577,256	16,588,972	19,914,972	24,635,930	28,394,206	2,637,813	-	123,204,337
Total liabilities and partners'/members' equity	\$ 39,677,293	\$ 42,172,408	\$ 26,894,959	\$ 18,421,780	\$ -	\$ 30,350,303	\$ 10,057,420	\$ 11,387,050	\$ 42,701,450	\$ 74,711,302	\$ 55,582,651	\$ 58,948,276	\$ 69,434,824	\$ 89,867,782	\$ 36,857,422	\$ (470,700)	\$ 606,594,220

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 - HOUSING ENTITIES

For the Year Ended December 31, 2023

	Schermerhorn L.P.	Pitt Street L.P.	Brook Avenue Housing L.P.	St. Marks Brownsville L.P.	410 Asylum Street (Combined)	Hegeman Avenue Housing L.P.	Common Ground Cedarwoods Housing LLC	1630 Dewey Avenue LLC	Boston Road Housing, L.P.	Webster Avenue Affordable LLC	Webster Avenue Supportive LLC	La Central Supportive L.P.	Edwin's Place L.P.	BG Betances L.P.	Housing Entities Eliminations	Total Housing Entities
REVENUES AND SUPPORT																
Rental income	\$ 2,580,788	\$ 2,967,658	\$ 2,394,466	\$ 1,198,466	\$ 940,538	\$ 1,849,632	\$ 595,503	\$ 652,416	\$ 2,290,465	\$ 3,002,806	\$ 2,854,335	\$ 2,866,861	\$ 2,436,301	\$ 3,678,073	\$ -	\$ 30,308,308
Other income	126,598	93,839	84,875	191,520	72,167	97,655	24,381	45,235	82,153	491,875	790,551	32,696	50,344	81,386	-	2,265,275
Total revenues and support	2,707,386	3,061,497	2,479,341	1,389,986	1,012,705	1,947,287	619,884	697,651	2,372,618	3,494,681	3,644,886	2,899,557	2,486,645	3,759,459	-	32,573,583
EXPENSES																
Program services:																
Permanent housing operations	2,678,931	3,191,448	2,639,708	1,286,444	833,516	2,582,732	564,341	712,799	2,065,795	2,749,987	2,269,637	1,987,392	1,556,026	1,949,670	-	27,068,426
Total program services	2,678,931	3,191,448	2,639,708	1,286,444	833,516	2,582,732	564,341	712,799	2,065,795	2,749,987	2,269,637	1,987,392	1,556,026	1,949,670	-	27,068,426
Supporting services:																
Depreciation and amortization	1,470,241	1,302,052	1,012,696	816,537	330,432	923,434	439,218	406,319	1,126,066	2,040,282	1,507,411	1,649,601	1,879,283	2,299,540	-	17,203,112
Interest and service fees	274,795	417,998	231,627	551,780	162,124	286,923	14,013	53,652	534,906	1,021,476	954,426	567,468	1,056,282	2,820,522	-	8,947,992
Total supporting services	1,745,036	1,720,050	1,244,323	1,368,317	492,556	1,210,357	453,231	459,971	1,660,972	3,061,758	2,461,837	2,217,069	2,935,565	5,120,062	-	26,151,104
Total expenses	4,423,967	4,911,498	3,884,031	2,654,761	1,326,072	3,793,089	1,017,572	1,172,770	3,726,767	5,811,745	4,731,474	4,204,461	4,491,591	7,069,732	-	53,219,530
Change in net assets before other non-recurring item	(1,716,581)	(1,850,001)	(1,404,690)	(1,264,775)	(313,367)	(1,845,802)	(397,688)	(475,119)	(1,354,149)	(2,317,064)	(1,086,588)	(1,304,904)	(2,004,946)	(3,310,273)	-	(20,645,947)
Other non-recurring item:																
Gain/(loss) on sale of building interest	-	-	-	-	272,751	-	-	-	-	-	-	-	-	-	-	272,751
Net (loss) income	\$ (1,716,581)	\$ (1,850,001)	\$ (1,404,690)	\$ (1,264,775)	\$ (40,616)	\$ (1,845,802)	\$ (397,688)	\$ (475,119)	\$ (1,354,149)	\$ (2,317,064)	\$ (1,086,588)	\$ (1,304,904)	\$ (2,004,946)	\$ (3,310,273)	\$ -	\$ (20,373,196)

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