

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

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

December 31, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the consolidated financial statements of Breaking Ground Housing Development Fund Corporation and Affiliates (collectively, "Breaking Ground"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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, 2024 and 2023, 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., 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 \$544,995,800, or 42% and \$569,736,798, or 54% of consolidated total assets as of December 31, 2024 and 2023, respectively, and total revenues of \$31,693,027, or 18% and \$31,560,878, or 22% of consolidated total revenues for the years then ended December 31, 2024 and 2023, 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, 2024, 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.



Melville, New York
June 27, 2025

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023, with Consolidating Information as of December 31, 2024

	2024				2023
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
ASSETS					
Current assets					
Cash	\$ 34,843,078	\$ 5,869,402	\$ -	\$ 40,712,480	\$ 19,960,516
Lender restricted cash	2,361,632	1,364,712	-	3,726,344	5,377,768
Contractual reserves	-	3,418,511	-	3,418,511	2,905,837
Accounts receivable, net	51,670,430	3,473,822	(2,902,283)	52,241,969	47,576,869
Advances due from affiliates	7,632,210	2,409,357	(10,041,567)	-	-
Development fees receivable	3,335,650	-	-	3,335,650	2,243,635
Other assets, net	2,203,709	480,478	-	2,684,187	2,278,725
Right-of-use assets	7,894,832	10,101	-	7,904,933	7,118,044
Total current assets	109,941,541	17,026,383	(12,943,850)	114,024,074	87,461,394
Noncurrent assets					
Contractual reserves	20,565,203	11,692,891	-	32,258,094	33,642,619
Accounts receivable, net	19,256,778	-	(1,070,000)	18,186,778	15,831,755
Tenant security deposits	866,176	577,950	-	1,444,126	1,380,946
Development fees receivable	33,418,920	-	(31,186,105)	2,232,815	3,264,625
Affiliate notes and interest receivable	44,622,883	-	(44,622,883)	-	-
Investment in Housing Entities	7,130,317	-	(7,130,317)	-	-
Other assets, net	2,603,724	456,759	-	3,060,483	1,586,010
Right-of-use assets	29,388,348	931,614	-	30,319,962	18,859,271
Property and equipment, net	507,763,162	614,007,312	(25,665,173)	1,096,105,301	892,966,847
Total noncurrent assets	665,615,511	627,666,526	(109,674,478)	1,183,607,559	967,532,073
Total assets	\$ 775,557,052	\$ 644,692,909	\$ (122,618,328)	\$ 1,297,631,633	\$ 1,054,993,467

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

December 31, 2024 and 2023, with Consolidating Information as of December 31, 2024

	2024			2023	
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 23,646,073	\$ 6,513,728	\$ (3,291,868)	\$ 26,867,933	\$ 21,416,095
Construction payable	1,740,474	15,189,656	-	16,930,130	4,957,659
Accrued interest payable - mortgages and notes	47,608	-	-	47,608	24,741
Advances due to affiliates	2,409,357	7,632,210	(10,041,567)	-	-
Deferred revenue	21,638,817	368,846	-	22,007,663	14,575,356
Project grant advances	676,471	-	-	676,471	676,471
Lease obligations, present value	7,871,359	-	-	7,871,359	7,235,070
Development fees payable	2,000,000	2,391,200	-	4,391,200	2,288,635
Mortgages and notes payable	14,153,532	1,259,739	-	15,413,271	7,743,240
Total current liabilities	74,183,691	33,355,379	(13,333,435)	94,205,635	58,917,267
Noncurrent liabilities					
Security deposits	922,119	595,902	-	1,518,021	1,428,124
Other liabilities	1,648,614	4,927,528	(1,070,000)	5,506,142	5,402,171
Accrued interest payable - mortgages and notes	45,416,236	24,195,380	-	69,611,616	58,335,825
Deferred revenue	7,782,090	-	(7,057,090)	725,000	725,000
Project grant advances	12,348,354	-	-	12,348,354	12,524,825
Lease obligations, present value	29,745,728	-	-	29,745,728	18,188,168
Development fees payable	5,100,000	28,439,375	(31,186,105)	2,353,270	4,475,295
Affiliate notes and interest payable	-	44,622,883	(44,622,883)	-	-
Mortgages and notes payable, net	488,266,018	400,510,276	-	888,776,294	692,597,849
Total noncurrent liabilities	591,229,159	503,291,344	(83,936,078)	1,010,584,425	793,677,257
Total liabilities	665,412,850	536,646,723	(97,269,513)	1,104,790,060	852,594,524
Commitments and contingencies					
Net assets					
Without donor restrictions					
Controlling interest	97,206,953	9,402,065	(25,348,815)	81,260,203	69,074,271
Noncontrolling interest	-	98,644,121	-	98,644,121	111,938,405
With donor restrictions	12,937,249	-	-	12,937,249	21,386,267
Total net assets	110,144,202	108,046,186	(25,348,815)	192,841,573	202,398,943
Total liabilities and net assets	\$ 775,557,052	\$ 644,692,909	\$ (122,618,328)	\$ 1,297,631,633	\$ 1,054,993,467

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, 2024 and 2023, with Consolidating Information as of December 31, 2024

	2024			2023
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total
				Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and support without donor restrictions:				
Contributions	\$ 14,395,020	\$ -	\$ -	\$ 14,395,020
Government grants and contracts	76,450,847	-	-	76,450,847
Management and partnership fees	2,655,250	-	(2,115,658)	539,592
Development fees	8,726,294	-	(45,810)	8,680,484
Rental income	26,169,281	29,942,735	(2,627,700)	53,484,316
Other income	10,076,020	2,155,979	(748,973)	11,483,026
Net assets released from restrictions	<u>14,303,232</u>	<u>-</u>	<u>-</u>	<u>14,303,232</u>
Total revenues and support	<u>152,775,944</u>	<u>32,098,714</u>	<u>(5,538,141)</u>	<u>179,336,517</u>
Expenses:				
Social services	75,991,200	-	(173,817)	75,817,383
Housing management and development	6,453,789	-	-	6,453,789
Permanent housing operations	20,856,858	26,849,073	(4,535,079)	43,170,852
Supportive services	18,370,668	-	(128,146)	18,242,522
General and administrative	1,382,411	-	-	1,382,411
Fundraising	1,383,767	-	-	1,383,767
Depreciation and amortization	10,609,679	16,735,569	(502,489)	26,842,759
Interest and service fees	<u>14,265,441</u>	<u>7,930,117</u>	<u>(702,998)</u>	<u>21,492,560</u>
Total expenses	<u>149,313,813</u>	<u>51,514,759</u>	<u>(6,042,529)</u>	<u>194,786,043</u>
Change in net assets before other non-recurring items	3,462,131	(19,416,045)	504,388	(15,449,526)
Other non-recurring items:				
New York State Brownfield redevelopment income, net of federal tax expense of \$5,575,904	19,370,545	-	-	19,370,545
Gain on forgiveness of loans and interest	-	-	-	-
Gain/(loss) on sale of building interest	<u>(1,855,482)</u>	<u>1,408,554</u>	<u>1,068,790</u>	<u>621,862</u>
Increase (decrease) in net assets without donor restrictions	<u>20,977,194</u>	<u>(18,007,491)</u>	<u>1,573,178</u>	<u>4,542,881</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Revenues and support with donor restrictions:				
Contributions	5,854,214	-	-	5,854,214
Net assets released from restrictions	<u>(14,303,232)</u>	<u>-</u>	<u>-</u>	<u>(14,303,232)</u>
Decrease in net assets with donor restrictions	<u>(8,449,018)</u>	<u>-</u>	<u>-</u>	<u>(8,449,018)</u>
Change in net assets	12,528,176	(18,007,491)	1,573,178	(3,906,137)
Excess of expenses over revenues and support attributable to noncontrolling interests	<u>-</u>	<u>18,005,702</u>	<u>-</u>	<u>18,005,702</u>
Excess (deficiency) of revenues and support over expenses attributable to Breaking Ground	<u>\$ 12,528,176</u>	<u>\$ (1,789)</u>	<u>\$ 1,573,178</u>	<u>\$ 14,099,565</u>
				<u>\$ (4,234,963)</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, 2024 and 2023

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Consolidated Total
	Controlling	Noncontrolling	Total		
Beginning balance, January 1, 2023	\$ 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	69,074,271	111,938,405	181,012,676	21,386,267	202,398,943
Adjustment from Managing Member	(4,711,418)	4,711,418	-	-	-
Increase in deferred developer fee	(5,651,233)	-	(5,651,233)	-	(5,651,233)
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(18,005,702)	(18,005,702)	-	(18,005,702)
Excess (deficiency) of revenues and support over expenses attributable to Breaking Ground	<u>22,548,583</u>	<u>-</u>	<u>22,548,583</u>	<u>(8,449,018)</u>	<u>14,099,565</u>
Ending balance, December 31, 2024	<u>\$ 81,260,203</u>	<u>\$ 98,644,121</u>	<u>\$ 179,904,324</u>	<u>\$ 12,937,249</u>	<u>\$ 192,841,573</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, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,906,137)	\$ (24,606,136)
Change in deferred developer fee	(5,651,233)	1,736,651
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	26,842,759	23,117,863
Amortization of debt issuance costs	332,995	335,898
Gain on forgiveness of loans and interest	-	(1,000,000)
Initial recognition of right-of-use assets	(19,756,184)	(10,740,240)
Initial recognition of lease obligations, present value	19,756,184	10,743,402
(Increase) decrease in operating assets:		
Accounts receivable, net	(7,020,123)	(8,253,162)
Other assets, net	(1,937,439)	(281,275)
Right-of-use-assets	7,508,604	6,465,108
Development fees receivable	(60,205)	1,517,232
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	5,451,838	960,697
Security deposits	89,897	(111,898)
Other liabilities	103,971	4,313,579
Accrued interest payable - mortgages and notes	11,298,658	7,995,788
Deferred revenue	7,432,307	1,396,749
Project grant advances	(176,471)	(176,471)
Lease obligations, present value	(7,562,335)	(6,603,226)
Development fees payable	(19,460)	(3,247,753)
Net cash provided by operating activities	<u>32,727,626</u>	<u>3,562,806</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in contractual reserves	871,851	3,044,641
Payments on construction payable	(53,337,927)	(8,903,179)
Capital expenditures	<u>(164,613,311)</u>	<u>(21,658,283)</u>
Net cash used in investing activities	<u>(217,079,387)</u>	<u>(27,516,821)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions received from investors	-	37,158,980
Proceeds from loans	255,990,088	39,319,782
Repayments of loans	<u>(52,474,607)</u>	<u>(49,361,265)</u>
Net cash provided by financing activities	<u>203,515,481</u>	<u>27,117,497</u>
Net increase in cash and restricted cash	19,163,720	3,163,482
Cash and restricted cash, beginning of year	<u>26,719,230</u>	<u>23,555,748</u>
Cash and restricted, end of year	<u>\$ 45,882,950</u>	<u>\$ 26,719,230</u>
Supplemental disclosure of information:		
Cash paid for interest	\$ 1,003,389	\$ 631,117
Supplemental schedule of non-cash investing and financing activities:		
Construction payable capitalized to rental property	\$ 65,310,398	\$ 7,170,972

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, 2024 and 2023

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, 2024 and 2023

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. BGM is also the controlling member of the following entities: La Central Phase II Housing Development Fund Corporation and 160 Van Cortlandt Park South Housing Development Fund Corporation.

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

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

for the charitable purposes of strengthening communities and bolstering the financial and operational condition and capabilities of nonprofit organizations serving those communities and as a result, is exempt from income and excise taxes under Section 501(c)(3) of the IRC.

Breaking Ground 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.
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, and 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

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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

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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, 2024, grants and contributions receivable of approximately \$47.0 million were due to be collected within one year, and approximately \$3.5 million was due to be collected in 2026 and beyond. 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 and beyond. These amounts are included within accounts receivable, net, in the accompanying consolidated statements of financial position.

As of December 31, 2024 and 2023, Breaking Ground's outstanding conditional contributions totaled approximately \$227 million and \$272 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, 2024 and 2023 totaled \$5,568,465 and \$5,508,260, respectively.

Allowance for Credit Losses

The carrying value of accounts and development fees receivable is reduced by an appropriate allowance, if needed, for credit losses. 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 current and future conditions 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

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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 credit losses balance as of December 31, 2024 and 2023 totaled \$6,729,974 and \$5,347,421, 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

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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, 2024 and 2023, 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.

Credit Loss Recognition

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

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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, 2024 and 2023 consisted of the following:

	2024	2023
Note receivable	\$ 14,679,600	\$ 14,679,600
Government grants and contracts	44,016,448	39,981,418
Housing Entities receivables	5,408,984	4,666,853
Contribution receivables	6,510,352	4,091,786
Tenant accounts receivables	4,556,763	3,265,527
Other	1,986,574	2,070,861
	<hr/>	<hr/>
Accounts receivable, gross	77,158,721	68,756,045
	<hr/>	<hr/>
Less: allowance for credit losses	(6,729,974)	(5,347,421)
	<hr/>	<hr/>
Accounts receivable, net	<u>\$ 70,428,747</u>	<u>\$ 63,408,624</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, 2024 and 2023 consisted of the following:

	2024	2023
Cash and cash equivalents	\$ 24,058,237	\$ 25,999,383
Certificate of deposit	1,800,000	1,800,000
Treasury bills	13,544,712	14,126,841
	<hr/>	<hr/>
Total	<u>\$ 39,402,949</u>	<u>\$ 41,926,224</u>

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Breaking Ground's lender restricted cash and contractual reserves classified within the fair value hierarchy as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	
	<u>Total</u>	
Cash and cash equivalents	\$ 24,058,237	
	<u>Level 2</u>	
Certificate of deposit	\$ 1,800,000	1,800,000
Treasury bills	13,544,712	13,544,712
Total	<u>\$ 15,344,712</u>	<u>\$ 39,402,949</u>
	<u>2023</u>	
	<u>Total</u>	
Cash and cash equivalents	\$ 25,999,383	
	<u>Level 2</u>	
Certificate of deposit	\$ 1,800,000	1,800,000
Treasury bills	14,126,841	14,126,841
Total	<u>\$ 15,926,841</u>	<u>\$ 41,926,224</u>

Interest income for the years ended December 31, 2024 and 2023 totaled \$867,857 and \$812,825, respectively, and is recorded as other income within the consolidated statements of activities. Contractual reserve fees for the years ended December 31, 2024 and 2023 totaled \$349,191 and \$393,189, respectively, and are recorded as interest and service fees within the consolidated statements of activities.

NOTE 5 - CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 40,712,480	\$ 19,960,516
Lender restricted cash	3,726,344	5,377,768
Tenant security deposits	1,444,126	1,380,946
Total cash and restricted cash shown in the consolidated statements of cash flows	<u>\$ 45,882,950</u>	<u>\$ 26,719,230</u>

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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, 2024 and 2023 consisted of the following:

	2024	2023
Buildings and improvements	\$ 981,111,832	\$ 998,448,908
Leasehold improvements	4,321,628	4,321,628
Furniture and equipment	23,657,692	23,760,748
Land improvements	9,761,114	10,196,153
Total depreciable assets	1,018,852,266	1,036,727,437
Less: accumulated depreciation	(252,404,269)	(230,552,824)
Total depreciable assets net of depreciation	766,447,997	806,174,613
Land	45,033,573	45,234,073
Construction-in-progress	284,623,731	41,558,161
Total property and equipment, net	<u>\$ 1,096,105,301</u>	<u>\$ 892,966,847</u>

Depreciation and amortization expense totaled \$26,842,759 and \$23,117,863 for the years ended December 31, 2024 and 2023, 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, 2025 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, 2024 and 2023

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>2024</u>	<u>2023</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 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	12/31/2025
BG - Neighborhood Stabilization Program	545,882	722,353	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>\$ 13,024,825</u>	<u>\$ 13,201,296</u>	

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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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, 2024 and 2023 consisted of the following:

Entity	Lender	2024	2023	Final Maturity Date	Interest Rate
BG	van Ameringen Foundation	\$ 200,000	\$ 1,500,000	1/31/2030	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	11/30/2024	0%
BG	Deutsche Bank Foundation PRI Grant	120,000	80,000	11/30/2027	0%
BG	J.P. Morgan Chase Bank, N.A.	-	5,000,000	9/30/2024	SOFR+2.0%
BG	Mizuho Bank (USA)	5,000,000	5,000,000	10/16/2025	SOFR+1.50%
T.S. Hotel LLC	NYC Department of Housing Preservation and Development	28,850,107	28,850,107	7/1/2041	1%
BG IV	NYC Department of Housing Preservation and Development	2,362,940	2,362,940	1/5/2040	1%
BG IV	NYS Homeless Housing Assistance Corporation	5,698,300	5,698,300	1/5/2040	1%
BG IV	NYC Department of Housing Preservation and Development - Reso A	1,331,809	1,331,809	1/5/2040	1%
BG IV	NYS Housing Finance Agency	581,000	581,000	1/5/2040	0%
BG II	NYC Down Payment Assistance Fund, LLC	1,000,000	992,986	1/1/2025	4%
Prince George Associates, L.P.	NYC Department of Housing Preservation and Development	12,588,442	12,584,740	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	66,004,284	8/30/2063	ST-4.6% / LT-5.075%
90 Sands H.D.F.C.	NYC Housing Development Corporation	5,999,800	5,999,800	8/30/2063	ST-4.6% / LT-5.075%
1760 Third Avenue H.D.F.C.	NYC Department of Housing Preservation and Development	126,000,000	-	7/1/2064	4.36%
1760 Third Avenue H.D.F.C.	NYS Homeless Housing Assistance Corporation	6,000,000	-	30 years after occupancy	0%
1760 Third Avenue H.D.F.C.	New York Housing Finance Agency	339,278	-	1/1/2058	5.25%
1760 Third Avenue H.D.F.C.	NYC Department of Housing Preservation and Development - Reso A	2,000,000	-	7/1/2064	4.36%
1760 Third Avenue H.D.F.C.	New York Housing Finance Agency	33,150,638	-	1/1/2058	0%
Chelsea Residence Limited Partnership	NYC Department of Housing Preservation and Development	15,092,176	15,086,498	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	1,513,230	1,461,586	7/1/2055	3.72%
Chelsea Residence Limited Partnership	Low Income Investment Fund	7,738,532	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	19,560,971	19,550,793	4/29/2038	1%
Pitt Street L.P.	NYC Department of Housing Preservation and Development	24,413,182	24,397,812	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	17,027,888	17,023,333	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	703,525	701,754	11/26/2050	0%
Hegeman Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	17,613,259	17,599,744	12/22/2042	1%
Hegeman Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	5,580,554	5,580,554	12/8/2039	1%
Hegeman Avenue Housing L.P.	New York Housing Finance Agency	910,209	910,209	5/1/2040	1%

Breaking Ground Housing Development Fund Corporation and Affiliates

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Entity	Lender	2024	2023	Final Maturity Date	Interest Rate
Common Ground Cedarwoods Housing LLC	Connecticut Housing Finance Authority	\$ -	\$ 5,617,337	8/31/2024	0%
Common Ground Cedarwoods Housing LLC	State of Connecticut	-	3,430,000	8/31/2024	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	1,658,814	1,657,717	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	4,319,943	4,427,734	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	8,646,232	8,721,554	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	13,629,388	13,919,633	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	6,674,007	6,800,716	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	10,188,406	10,362,742	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	13,153,666	12,801,102	4/30/2062	2.72%
Betances L.P.	NYC Housing Development Corporation	21,983,079	22,084,931	11/1/2062	5.58%
Betances L.P.	NYS Homeless Housing Assistance Corporation	2,700,000	2,700,000	9/12/2063	0%
Betances L.P.	NYC Housing Development Corporation	8,538,085	8,391,616	11/1/2062	2.72%
Betances L.P.	NYC Department of Housing Preservation and Development	500,000	500,000	9/12/2063	2.72%
				ST-43 months after closing / LT-40 yrs. after conversion occurs	ST-1% / LT-1.68%
BG Sutphin Owner LLC	NYC Department of Housing Preservation and Development	15,789,995	4,070,246	40 yrs. after occupancy	0%
BG Sutphin Owner LLC	NYS Homeless Housing Assistance Corporation	2,360,199	134,943	ST-10/1/2026 / LT-8/1/2066	ST-4.40% / LT-5.75%
BG Sutphin Owner LLC	NYS Housing Finance Agency	39,706,670	16,049,789	8/1/2066	.20%
BG Sutphin Owner LLC	NYS Housing Finance Agency	9,897,905	430,489	8/1/2066	
	Total mortgages and notes payable	<u>\$ 904,189,565</u>	<u>\$ 700,341,089</u>		

Breaking Ground Housing Development Fund Corporation and Affiliates**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****December 31, 2024 and 2023**

Included within mortgages and notes payable are debt issuance costs of \$7,776,542 and \$8,192,171, as of December 31, 2024 and 2023, respectively.

The scheduled future principal payments follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 15,413,271
2026	1,964,078
2027	1,656,730
2028	1,462,872
2029	1,537,682
Thereafter	<u>882,154,932</u>
	<u>\$ 904,189,565</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, 2024 and 2023, Breaking Ground was in compliance with all financial and operating covenants.

Interest and service fees totaling \$21,492,560 and \$16,525,493 were expensed for the years ended December 31, 2024 and 2023, 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, 2024 and 2023 was derived from the following federal, New York City and New York State government agencies:

	<u>2024</u>	<u>2023</u>
NYC Department of Homeless Services	\$ 63,404,082	\$ 52,900,586
NYC Department of Health and Mental Hygiene	6,313,970	5,547,414
NYC HIV/AIDS Service Administration	3,229,239	2,902,099
NYS Office of Mental Health	1,732,955	1,589,411
US Department of Housing and Urban Development	1,034,855	-
Empire State Supportive Housing Initiative	451,202	363,215
NYS Office of Temporary and Disability Assistance	284,544	262,656
Federal Emergency Management Agency	-	97,769
	<u>\$ 76,450,847</u>	<u>\$ 63,663,150</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 \$647,293 and \$595,588 for the years ended December 31, 2024 and 2023, respectively.

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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, 2024 and 2023, the liability relating to this plan totaled \$681,110 and \$570,898, 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 \$1,473,068 and \$1,058,366 for the years ended December 31, 2024 and 2023, respectively. Estimated future minimum receipts due under the terms of the leases follow:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 785,699
2026	496,134
2027	500,633
2028	512,195
2029	461,827
Thereafter	<u>1,085,495</u>
	<u>\$ 3,841,983</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, 2024 and 2023, 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, 2024 and 2023, there were no outstanding unfunded guarantees.

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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, 2024 and 2023 because it was 80% 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, 2024 and 2023, Breaking Ground contributed \$168,864 and \$138,070, 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 2024 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, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>
ROU assets	\$ 45,733,499	\$ 32,442,423
Accumulated amortization	<u>(7,508,604)</u>	<u>(6,465,108)</u>
	<u>\$ 38,224,895</u>	<u>\$ 25,977,315</u>
Weighted-average remaining lease term:	6.78 years	5.6 years
Weighted-average discount rate:	6.0%	6.0%

Fiscal Year December 31:

2024	\$ 11,537,864
2025	7,054,948
2026	4,402,469
2027	4,446,957
2028	4,451,024
Thereafter	<u>15,299,415</u>
Total lease obligations, present value, gross	47,192,677
Less: discount factor at 6.0%	<u>(9,575,590)</u>
Total lease obligations, present value, net	<u>\$ 37,617,087</u>

Rent expense (including escalation costs) amounted to \$12,859,901 and \$9,997,256 for the years ended December 31, 2024 and 2023, respectively. During the current year, there were two new lease agreements.

The components of lease cost for the year ended December 31, 2024 are as follows:

Operating lease cost	\$ 12,859,901
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Supplemental cash flow information related to leases for the year ended December 31, 2024 is as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 12,923,734

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, 2024 and 2023

Financial assets available for general expenditures within one for the years ended December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 40,712,480	\$ 19,960,516
Accounts receivable	52,241,969	47,576,869
Development fees receivable	<u>3,335,650</u>	<u>2,243,635</u>
Total available resources	<u>96,290,099</u>	<u>69,781,020</u>
Less:		
Net assets with donor restrictions:		
Development purpose	(1,560,000)	(6,202,717)
Program purpose	<u>(3,361,301)</u>	<u>(5,050,551)</u>
Total financial assets available for general expenditures	<u>\$ 91,368,798</u>	<u>\$ 58,527,752</u>

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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, 2024 and summarized 2023 consisted of the following:

	Program Services				Supporting Services				Housing Entities			Total Expenses	
	Social Services	Housing Management and Development	Permanent Housing Operations	Total Program Services	Supportive Services	General and Administrative	Fundraising	Total Supporting Services	Total Not-for-Profit Operations	Permanent Housing Operations	Eliminations	2024	2023
Salaries	\$ 28,151,292	\$ 4,268,359	\$ 5,384,763	\$ 37,804,414	\$ 9,969,359	\$ 616,737	\$ 550,591	\$ 11,136,687	\$ 48,941,101	\$ 4,161,427	\$ (52,809)	\$ 53,049,719	\$ 48,156,749
Fringe benefits	6,239,267	1,139,684	1,398,476	8,777,427	2,730,195	155,212	114,772	3,000,179	11,777,606	956,004	-	12,733,610	11,072,791
Total personnel	34,390,559	5,408,043	6,783,239	46,581,841	12,699,554	771,949	665,363	14,136,866	60,718,707	5,117,431	(52,809)	65,783,329	59,229,540
Professional and management fees	6,557,586	110,411	818,977	7,486,974	2,224,447	156,320	-	2,380,767	9,867,741	3,547,713	(2,349,538)	11,065,916	9,343,070
Rent expense	11,229,276	457,386	226,194	11,912,856	1,146,869	-	-	1,146,869	13,059,725	108,407	(146,625)	13,021,507	10,624,444
Utilities	1,910,314	-	4,008,380	5,918,694	110,706	-	-	110,706	6,029,400	4,234,177	(547,962)	9,715,615	8,801,619
Security	5,981,606	-	750,230	6,731,836	-	67,930	-	67,930	6,799,766	3,776,809	(1,514,492)	9,062,083	8,158,738
Repairs and maintenance	2,757,765	9,826	3,618,616	6,386,207	146,514	25,136	-	171,650	6,557,857	3,743,750	(239,262)	10,062,345	9,655,128
Events and other fundraising	-	-	-	-	-	81,504	646,878	728,382	728,382	-	-	728,382	771,210
Insurance	1,480,458	51,972	1,711,308	3,243,738	128,371	46,250	-	174,621	3,418,359	2,174,601	(321,406)	5,271,554	4,626,200
Client expense	8,720,699	984	156,855	8,878,538	-	-	-	-	8,878,538	-	363,172	9,241,710	8,548,952
Office expense	1,914,053	146,257	705,266	2,765,576	755,958	59,990	1,050	816,998	3,582,574	749,231	(28,123)	4,303,682	3,961,004
Staff expense	547,150	85,978	43,982	677,110	497,126	24,309	1,965	523,400	1,200,510	41,131	-	1,241,641	1,791,089
Fees and other expense	475,164	53,371	509,354	1,037,889	660,840	149,023	4,186	814,049	1,851,938	860,031	3	2,711,972	2,740,648
Bad debt	26,570	129,561	1,524,457	1,680,588	283	-	64,325	64,608	1,745,196	2,495,792	-	4,240,988	3,076,989
Total expenses before depreciation and amortization	75,991,200	6,453,789	20,856,858	103,301,847	18,370,668	1,382,411	1,383,767	21,136,846	124,438,693	26,849,073	(4,837,042)	146,450,724	131,328,631
Depreciation and amortization	-	-	10,137,207	10,137,207	472,472	-	-	472,472	10,609,679	16,735,569	(502,489)	26,842,759	23,117,863
Interest and service fees	-	-	10,469,544	10,469,544	3,795,897	-	-	3,795,897	14,265,441	7,930,117	(702,998)	21,492,560	16,525,493
Total expenses	\$ 75,991,200	\$ 6,453,789	\$ 41,463,609	\$ 123,908,598	\$ 22,639,037	\$ 1,382,411	\$ 1,383,767	\$ 25,405,215	\$ 149,313,813	\$ 51,514,759	\$ (6,042,529)	\$ 194,786,043	\$ 170,971,987

Breaking Ground Housing Development Fund Corporation and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Housing Operations and Tenant Services	\$ 3,554,524	\$ 6,571,779
Street to Home Outreach	107,500	733,746
Housing Development	785,000	5,512,717
NYC Partnership Foundation	440,201	-
HUD Capital Advance	6,800,024	7,068,025
Development Reserve	750,000	750,000
Time-restricted	<u>500,000</u>	<u>750,000</u>
	<u>\$ 12,937,249</u>	<u>\$ 21,386,267</u>

NOTE 16 - NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2024 and 2023, net assets with donor restrictions that were released from restrictions in satisfaction of donor time or purpose restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Housing Operations and Tenant & Program Services	\$ 5,235,903	\$ 2,677,651
Street to Home Outreach	633,746	586,850
Housing Development	4,727,717	125,000
NYC Partnership Foundation	3,187,865	6,545,895
HUD Capital Advance	268,001	268,001
Time-restricted	<u>250,000</u>	<u>250,000</u>
	<u>\$ 14,303,232</u>	<u>\$ 10,453,397</u>

NOTE 17 - SUBSEQUENT EVENTS

Breaking Ground evaluated its December 31, 2024, consolidated financial statements for subsequent events through June 27, 2025, 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 consolidated 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, 2024

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	\$ 5,157,252	\$ 5,193,788	\$ 4,427,307	\$ 2,885,416	\$ 3,957	\$ 183,043	\$ 16,992,315	\$ -	\$ 34,843,078
Lender restricted cash	2,361,632	-	-	-	-	-	-	-	2,361,632
Accounts receivable, net	7,866,665	39,313,429	3,715,459	478,388	3,725,888	1,265	47,474	(3,478,138)	51,670,430
Advances due from affiliates	229,888,812	44,496,131	60,998,994	805,186	954,148	10,799,739	374,913	(340,685,713)	7,632,210
Development fee receivable	-	-	3,335,650	-	-	-	-	-	3,335,650
Other assets, net	374,083	1,613,468	130,433	63,700	9	11,087	10,929	-	2,203,709
Right-of-use assets	29,946	7,843,926	-	-	-	-	20,960	-	7,894,832
Total current assets	245,678,390	98,460,742	72,607,843	4,232,690	4,684,002	10,995,134	17,446,591	(344,163,851)	109,941,541
NONCURRENT ASSETS									
Contractual reserves	8,621,551	-	9,813,959	2,129,693	-	-	-	-	20,565,203
Accounts receivable, net	18,186,778	624,392	-	-	-	-	1,070,000	(624,392)	19,256,778
Tenant security deposits	158,806	37,000	552,781	39,948	-	77,641	-	-	866,176
Development fees receivable	3,400,818	-	30,018,102	-	-	-	-	-	33,418,920
Affiliate notes and interest receivable	40,240,485	8,889,343	25,816,362	-	-	1,979,694	31,529	(32,334,530)	44,622,883
Investment in housing entities	(5,714)	-	(1,943,149)	783,998	-	-	8,295,182	-	7,130,317
Other assets, net	108,560	973,980	1,521,184	-	-	-	-	-	2,603,724
Right-of-use assets	318,667	28,754,542	-	-	-	-	315,139	-	29,388,348
Property and equipment, net	26,905,944	655,918	446,101,123	24,194,339	9,906,338	(500)	-	-	507,763,162
Total noncurrent assets	97,935,895	39,935,175	511,880,362	27,147,978	9,906,338	2,056,835	9,711,850	(32,958,922)	665,615,511
Total assets	<u>\$ 343,614,285</u>	<u>\$ 138,395,917</u>	<u>\$ 584,488,205</u>	<u>\$ 31,380,668</u>	<u>\$ 14,590,340</u>	<u>\$ 13,051,969</u>	<u>\$ 27,158,441</u>	<u>\$ (377,122,773)</u>	<u>\$ 775,557,052</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, 2024

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	\$ 2,321,759	\$ 18,491,804	\$ 4,501,325	\$ 1,103,022	\$ 115,071	\$ -	\$ 591,230	\$ (3,478,138)	\$ 23,646,073
Construction payable	-	-	1,121,498	618,976	-	-	-	-	1,740,474
Accrued interest payable - mortgages and notes	-	-	-	47,608	-	-	-	-	47,608
Advances due to affiliates	124,683,637	174,980,833	23,542,559	2,164,546	10,695,717	1,464,480	5,563,298	(340,685,713)	2,409,357
Deferred revenue	1,846,784	17,877,367	232,907	54,903	1,514,586	112,270	-	-	21,638,817
Project grant advances	176,471	-	-	-	500,000	-	-	-	676,471
Lease obligations, present value	28,583	7,824,829	-	-	-	-	17,947	-	7,871,359
Development fee payable	-	-	2,000,000	-	-	-	-	-	2,000,000
Mortgages and notes payable	5,415,000	-	1,000,000	7,738,532	-	-	-	-	14,153,532
Total current liabilities	134,472,234	219,174,833	32,398,289	11,727,587	12,825,374	1,576,750	6,172,475	(344,163,851)	74,183,691
NONCURRENT LIABILITIES									
Security deposits	175,294	53,300	577,136	39,948	-	76,441	-	-	922,119
Other liabilities	-	681,110	1,318,589	-	-	-	273,307	(624,392)	1,648,614
Accrued interest payable - mortgages and notes	3,936,296	-	38,665,862	2,280,591	533,487	-	-	-	45,416,236
Deferred revenue	803,633	-	6,978,457	-	-	-	-	-	7,782,090
Project grant advances	5,274,411	-	7,073,943	-	-	-	-	-	12,348,354
Lease obligations, present value	307,536	29,106,479	-	-	-	-	331,713	-	29,745,728
Development fee payable	-	-	5,100,000	-	-	-	-	-	5,100,000
Affiliate notes and interest payable	-	-	31,534,530	800,000	-	-	-	(32,334,530)	-
Mortgages and notes payable, net	43,134,707	-	413,082,442	22,074,820	9,974,049	-	-	-	488,266,018
Total noncurrent liabilities	53,631,877	29,840,889	504,330,959	25,195,359	10,507,536	76,441	605,020	(32,958,922)	591,229,159
Total liabilities	188,104,111	249,015,722	536,729,248	36,922,946	23,332,910	1,653,191	6,777,495	(377,122,773)	665,412,850
Net assets (deficit)									
Without donor restrictions	142,572,925	(110,619,805)	47,758,957	(5,542,278)	(8,742,570)	11,398,778	20,380,946	-	97,206,953
With donor restrictions	12,937,249	-	-	-	-	-	-	-	12,937,249
Total net assets (deficit)	155,510,174	(110,619,805)	47,758,957	(5,542,278)	(8,742,570)	11,398,778	20,380,946	-	110,144,202
Total liabilities and net assets	\$ 343,614,285	\$ 138,395,917	\$ 584,488,205	\$ 31,380,668	\$ 14,590,340	\$ 13,051,969	\$ 27,158,441	\$ (377,122,773)	\$ 775,557,052

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

For the Year Ended December 31, 2024

	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	\$ 20,249,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,249,234
Government grants and contracts	6,227,081	61,747,026	1,900,526	337,680	6,238,534	-	-	-	76,450,847
Management and partnership fees	-	4,455,742	-	-	-	-	160,000	(1,960,492)	2,655,250
Development fees	-	-	8,726,294	-	-	-	-	-	8,726,294
Rental income	8,393,940	1,269,628	14,691,595	3,941,484	6,019	214,361	134,637	(2,482,383)	26,169,281
Other income (loss)	1,717,567	4,436,016	4,040,562	196,553	19,152	-	5,531	(339,361)	10,076,020
Total revenues and support	36,587,822	71,908,412	29,358,977	4,475,717	6,263,705	214,361	300,168	(4,782,236)	144,326,926
EXPENSES									
Program services:									
Social services	12,138,769	57,199,406	1,854,143	319,220	4,997,355	-	-	(517,693)	75,991,200
Housing management and development	-	6,453,789	-	-	-	-	-	-	6,453,789
Permanent housing operations	8,248,190	82,964	13,832,335	2,618,551	-	-	-	(3,925,182)	20,856,858
Total program services	20,386,959	63,736,159	15,686,478	2,937,771	4,997,355	-	-	(4,442,875)	103,301,847
Supporting services:									
Supportive services	1,189,266	15,694,732	86,130	23,183	985,153	-	392,204	-	18,370,668
General and administrative	-	1,382,405	-	-	-	6	-	-	1,382,411
Fundraising	1,383,767	-	-	-	-	-	-	-	1,383,767
Depreciation and amortization	1,648,228	50,319	7,852,158	636,821	417,997	4,156	-	-	10,609,679
Interest and service fees	866,686	402,163	12,621,273	679,008	35,672	-	-	(339,361)	14,265,441
Total supporting services	5,087,947	17,529,619	20,559,561	1,339,012	1,438,822	4,162	392,204	(339,361)	46,011,966
Total expenses	25,474,906	81,265,778	36,246,039	4,276,783	6,436,177	4,162	392,204	(4,782,236)	149,313,813
 Change in net assets before other non-recurring items	 11,112,916	 (9,357,366)	 (6,887,062)	 198,934	 (172,472)	 210,199	 (92,036)	 -	 (4,986,887)
 Other non-recurring items:									
New York State Brownfield redevelopment income, net of federal tax expense of \$5,575,904	-	-	-	-	-	-	19,370,545	-	19,370,545
Gain/(loss) on sale of building interest	(419,333)	(426,275)	(1,022,184)	-	-	-	12,310	-	(1,855,482)
Changes in net assets	10,693,583	(9,783,641)	(7,909,246)	198,934	(172,472)	210,199	19,290,819	-	12,528,176
Net assets (deficit), beginning of year	144,816,591	(100,836,164)	55,668,203	(5,741,212)	(8,570,098)	11,188,579	1,090,127	-	97,616,026
Net assets (deficit), end of year	\$ 155,510,174	\$ (110,619,805)	\$ 47,758,957	\$ (5,542,278)	\$ (8,742,570)	\$ 11,398,778	\$ 20,380,946	\$ -	\$ 110,144,202

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Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - HOUSING ENTITIES

As of December 31, 2024

	Schermerhorn	Pitt Street	Brook Avenue	St. Marks	Hegeman	Common			Webster	Webster	La Central			Housing	Total	
	L.P.	L.P.	Housing	Brownsville	Avenue	Cedarwoods	1630 Dewey	Boston Road	Affordable	Supportive	Supportive	Edwin's Place	BG Betances	BG Sutphin	Entities	Housing
ASSETS	L.P.	L.P.	L.P.	L.P.	Housing L.P.	Housing LLC	Avenue LLC	Housing, L.P.	LLC	LLC	L.P.	L.P.	L.P.	Owner LLC	Eliminations	Entities
CURRENT ASSETS																
Cash	\$ 196,387	\$ 102,123	\$ 114,981	\$ 124,078	\$ 158,961	\$ -	\$ 28,371	\$ 129,684	\$ 127,506	\$ 1,174,852	\$ 903,181	\$ 1,331,398	\$ 1,477,880	\$ -	\$ -	\$ 5,869,402
Lender restricted cash	-	-	-	-	-	-	-	-	-	-	-	5,290	1,124	1,358,298	-	1,364,712
Contractual reserves	-	-	-	-	-	-	-	790,883	1,303,772	533,499	27,868	456,950	305,539	-	-	3,418,511
Accounts receivable, net	525,662	416,046	355,247	34,947	335,435	-	37,905	128,823	558,978	475,290	258,765	184,211	162,513	-	-	3,473,822
Advances due from affiliates	1,327,416	239,308	842,633	-	-	-	-	-	-	470,700	-	-	-	-	(470,700)	2,409,357
Other assets, net	12,522	15,065	9,670	21,622	9,834	-	21,015	11,422	112,879	81,990	108,715	29,569	37,175	9,000	-	480,478
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	10,101	-	-	10,101
Total current assets	2,061,987	772,542	1,322,531	180,647	504,230	-	87,291	1,060,812	2,103,135	2,736,331	1,298,529	2,007,418	1,994,332	1,367,298	(470,700)	17,026,383
NONCURRENT ASSETS																
Contractual reserves	531,070	483,320	546,210	1,369,552	424,537	-	969,533	2,013,019	881,985	860,339	1,095,512	1,037,632	1,480,182	-	-	11,692,891
Tenant security deposits	83,503	71,543	46,304	13,461	33,265	-	27,121	27,922	147,915	41,030	36,951	24,064	24,871	-	-	577,950
Other assets, net	-	5,530	379	7,318	-	-	15,349	9,350	88,328	20,050	22,223	33,624	254,608	-	-	456,759
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	931,614	-	-	931,614
Property and equipment, net	35,700,636	39,095,679	24,131,658	16,156,805	28,648,258	-	9,987,045	38,661,353	69,829,102	50,954,119	54,724,493	64,521,334	83,267,019	98,329,811	-	614,007,312
Total noncurrent assets	36,315,209	39,656,072	24,724,551	17,547,136	29,106,060	-	10,999,048	40,711,644	70,947,330	51,875,538	55,879,179	65,616,654	85,958,294	98,329,811	-	627,666,526
Total assets	\$ 38,377,196	\$ 40,428,614	\$ 26,047,082	\$ 17,727,783	\$ 29,610,290	\$ -	\$ 11,086,339	\$ 41,772,456	\$ 73,050,465	\$ 54,611,869	\$ 57,177,708	\$ 67,624,072	\$ 87,952,626	\$ 99,697,109	\$ (470,700)	\$ 644,692,909
LIABILITIES AND PARTNERS'/MEMBERS' EQUITY (DEFICIT)																
CURRENT LIABILITIES																
Accounts payable and accrued expenses	\$ 1,376,520	\$ 711,161	\$ 505,171	\$ 176,972	\$ 772,547	\$ -	\$ 207,858	\$ 631,940	\$ 735,056	\$ 466,499	\$ 292,094	\$ 439,306	\$ 198,604	\$ -	\$ -	\$ 6,513,728
Construction payable	-	-	-	-	-	-	-	25,000	161,278	-	-	-	-	15,003,378	-	15,189,656
Accrued interest payable - mortgages and notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances due to affiliates	2,087,462	-	-	3,039,540	371,616	-	220,716	119,498	2,118,832	18,438	25,583	14,522	23,032	63,671	(470,700)	7,632,210
Deferred revenue	-	-	-	-	-	-	-	-	96,562	272,284	-	-	-	-	-	368,846
Lease obligations, present value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development fee payable	-	-	-	-	-	-	-	-	1,898,900	-	203,665	150,000	138,635	-	-	2,391,200
Mortgages and notes payable	-	-	-	-	-	-	-	142,012	208,384	342,826	159,949	213,673	192,895	-	-	1,259,739
Total current liabilities	3,463,982	711,161	505,171	3,216,512	1,144,163	-	428,574	918,450	5,219,012	1,100,047	681,291	817,501	553,166	15,067,049	(470,700)	33,355,379
NONCURRENT LIABILITIES																
Security deposits	83,503	71,858	45,674	13,461	33,039	-	26,471	27,922	147,915	41,030	56,301	24,064	24,664	-	-	595,902
Other liabilities	120,000	-	800,000	-	200,000	-	-	-	-	-	-	-	-	3,807,528	-	4,927,528
Accrued interest payable - mortgages and notes	3,985,139	4,359,105	3,071,806	276,503	2,923,316	-	456,389	2,904,718	529,752	806,640	1,360,919	1,823,203	1,697,890	-	-	24,195,380
Lease obligations, present value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development fees payable	2,807,669	-	1,861,186	593,149	-	-	-	1,280,539	-	-	-	3,766,738	8,980,094	9,150,000	-	28,439,375
Affiliate notes and interest payable	708,840	3,297,406	1,537,500	18,341,521	5,070,664	-	1,456,704	3,109,126	3,944,080	205,200	398,148	1,431,149	3,842,595	1,279,950	-	44,622,883
Mortgages and notes payable, net	26,310,771	30,933,940	21,027,888	2,506,825	24,104,022	-	4,658,814	25,067,931	44,216,230	33,894,562	36,257,314	37,095,275	46,681,935	67,754,769	-	400,510,276
Total noncurrent liabilities	34,015,922	38,662,309	28,344,054	21,731,459	32,331,041	-	6,598,378	32,390,236	48,837,977	34,947,432	38,072,682	44,140,429	61,227,178	81,992,247	-	503,291,344
Total liabilities	37,479,904	39,373,470	28,849,225	24,947,971	33,475,204	-	7,026,952	33,308,686	54,056,989	36,047,479	38,753,973	44,957,930	61,780,344	97,059,296	(470,700)	536,646,723
Partners'/members' equity (deficit)																
Controlling interest	(2,751)	3,947,492	(1,977)	(860)	(1,675)	-	1,708,356	(989)	(1,789)	2,848,324	(909)	910,031	(1,188)	-	-	9,402,065
Noncontrolling interest	900,043	(2,892,348)	(2,800,166)	(7,219,328)	(3,863,239)	-	2,351,031	8,464,759	18,995,265	15,716,066	18,424,644	21,756,111	26,173,470	2,637,813	-	98,644,121
Total partners'/members' equity (deficit)	897,292	1,055,144	(2,802,143)	(7,220,188)	(3,864,914)	-	4,059,387	8,463,770	18,993,476	18,564,390	18,423,735	22,666,142	26,172,282	2,637,813	-	108,046,186
Total liabilities and partners'/members' equity	\$ 38,377,196	\$ 40,428,614	\$ 26,047,082	\$ 17,727,783	\$ 29,610,290	\$ -	\$ 11,086,339	\$ 41,772,456	\$ 73,050,465	\$ 54,611,869	\$ 57,177,708	\$ 67,624,072	\$ 87,952,626	\$ 99,697,109	\$ (470,700)	\$ 644,692,909

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Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATING SCHEDULE OF ACTIVITIES - HOUSING ENTITIES

For the Year Ended December 31, 2024

	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.	Edwin's Place L.P.	BG Betances L.P.	Housing Entities Eliminations	Total Housing Entities
REVENUES AND SUPPORT															
Rental income	\$ 2,613,121	\$ 2,980,598	\$ 2,445,089	\$ 1,207,108	\$ 1,973,799	\$ 394,468	\$ 691,675	\$ 2,392,069	\$ 3,012,310	\$ 3,022,084	\$ 2,899,944	\$ 2,639,242	\$ 3,671,228	\$ -	\$ 29,942,735
Other income	122,271	159,338	84,057	132,773	122,138	11,219	68,019	102,001	430,647	783,289	22,032	37,235	80,960	-	2,155,979
Total revenues and support	2,735,392	3,139,936	2,529,146	1,339,881	2,095,937	405,687	759,694	2,494,070	3,442,957	3,805,373	2,921,976	2,676,477	3,752,188	-	32,098,714
EXPENSES															
Program services:															
Permanent housing operations	2,759,574	3,838,599	2,577,205	1,249,730	2,390,337	419,255	744,297	2,063,278	2,999,499	2,235,011	2,203,349	1,717,171	1,651,768	-	26,849,073
Total program services	2,759,574	3,838,599	2,577,205	1,249,730	2,390,337	419,255	744,297	2,063,278	2,999,499	2,235,011	2,203,349	1,717,171	1,651,768	-	26,849,073
Supporting services:															
Depreciation and amortization	1,485,924	1,305,053	1,014,588	820,225	925,547	291,525	406,319	1,129,626	2,016,666	1,507,411	1,650,243	1,882,902	2,299,540	-	16,735,569
Interest and service fees	274,795	417,998	231,627	551,780	286,923	9,342	53,652	527,938	1,010,572	936,873	559,621	1,046,192	2,022,804	-	7,930,117
Total supporting services	1,760,719	1,723,051	1,246,215	1,372,005	1,212,470	300,867	459,971	1,657,564	3,027,238	2,444,284	2,209,864	2,929,094	4,322,344	-	24,665,686
Total expenses	4,520,293	5,561,650	3,823,420	2,621,735	3,602,807	720,122	1,204,268	3,720,842	6,026,737	4,679,295	4,413,213	4,646,265	5,974,112	-	51,514,759
Change in net assets before other non-recurring item	(1,784,901)	(2,421,714)	(1,294,274)	(1,281,854)	(1,506,870)	(314,435)	(444,574)	(1,226,772)	(2,583,780)	(873,922)	(1,491,237)	(1,969,788)	(2,221,924)	-	(19,416,045)
Other non-recurring item:															
Gain/(loss) on sale of building interest	-	-	-	-	-	1,408,554	-	-	-	-	-	-	-	-	1,408,554
Net (loss) income	\$ (1,784,901)	\$ (2,421,714)	\$ (1,294,274)	\$ (1,281,854)	\$ (1,506,870)	\$ 1,094,119	\$ (444,574)	\$ (1,226,772)	\$ (2,583,780)	\$ (873,922)	\$ (1,491,237)	\$ (1,969,788)	\$ (2,221,924)	\$ -	\$ (18,007,491)

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