



**WEST SIDE FEDERATION FOR SENIOR  
AND SUPPORTIVE HOUSING, INC.  
AND CERTAIN AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2015 and 2014**

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
West Side Federation for Senior and Supportive Housing, Inc.  
New York, New York

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of West Side Federation for Senior and Supportive Housing, Inc. and certain affiliates (the "Organization") which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of West Side Federation for Senior and Supportive Housing, Inc. and certain affiliates as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



New York, New York  
December 15, 2015

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Consolidated Statements of Financial Position**

	June 30,	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,230,954	\$ 6,596,123
Grants and government contracts receivable	1,469,313	1,154,859
Receivable from affiliates - current portion	3,725,694	2,346,267
Rents receivable, net	422,510	365,844
Advances receivable from residents, net	45,294	55,414
Tenants' security deposits held	375,976	369,965
Other receivables	258,154	271,387
Prepaid expenses	<u>375,269</u>	<u>334,804</u>
Total current assets	13,903,164	11,494,663
Reserves and escrow	8,368,798	8,649,645
Receivable from affiliates	1,563,474	3,278,115
Notes and loan receivable from affiliates	5,996,226	5,996,226
Security deposits	33,945	35,760
Investment in partnerships	5,482,676	5,093,864
Property and equipment	60,678,552	61,906,899
Deferred costs, net	<u>568,421</u>	<u>633,938</u>
	<u>\$ 96,595,256</u>	<u>\$ 97,089,110</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,876,710	\$ 1,579,482
Due to residents	1,159,206	1,247,476
Tenants' security deposits held	375,976	369,965
Rents received in advance	69,654	150,778
Deferred government contracts	79,574	43,500
Long-term debt - current portion	<u>468,861</u>	<u>420,624</u>
Total current liabilities	4,029,981	3,811,825
Long-term debt	45,571,525	45,686,188
Bonds payable	10,795,802	11,112,944
Interest-rate swap obligation	<u>1,364,904</u>	<u>1,521,210</u>
Total liabilities	<u>61,762,212</u>	<u>62,132,167</u>
Commitments and contingencies (Note R)		
Net assets:		
Unrestricted	33,171,004	33,135,239
Temporarily restricted	<u>1,662,040</u>	<u>1,821,704</u>
Total net assets	<u>34,833,044</u>	<u>34,956,943</u>
	<u>\$ 96,595,256</u>	<u>\$ 97,089,110</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Consolidated Statements of Activities**

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenue:</b>						
Contributions and grants	\$ 1,004,364	\$ 250,339	\$ 1,254,703	\$ 589,354	\$ 167,047	\$ 756,401
In-kind contributions				1,000,000		1,000,000
Government contracts	8,609,106		8,609,106	8,582,416		8,582,416
Rental income net of vacancy loss of \$580,480 and \$1,094,055 in 2015 and 2014, respectively	12,517,667		12,517,667	11,775,250		11,775,250
Management and other fees	880,896		880,896	810,121		810,121
Overhead income	12,044		12,044	12,045		12,045
Development fee income				1,930,465		1,930,465
Income from partnership	1,239,116		1,239,116	908,501		908,501
Interest and other income	410,332		410,332	439,329		439,329
Total public support and revenue before net assets released from restrictions	24,673,525	250,339	24,923,864	26,047,481	167,047	26,214,528
Net assets released from restrictions	410,003	(410,003)	0	329,735	(329,735)	0
Total public support and revenue	25,083,528	(159,664)	24,923,864	26,377,216	(162,688)	26,214,528
<b>Expenses:</b>						
Program services:						
Social services and residential care	8,398,399		8,398,399	8,086,798		8,086,798
Housing	11,874,064		11,874,064	11,578,940		11,578,940
Total program services	20,272,463		20,272,463	19,665,738		19,665,738
Supporting services:						
Management and general	2,566,596		2,566,596	2,508,418		2,508,418
Fund-raising	59,696		59,696	65,573		65,573
Total supporting services	2,626,292		2,626,292	2,573,991		2,573,991
Total expenses before amortization and depreciation	22,898,755		22,898,755	22,239,729		22,239,729
Change in net assets before amortization, depreciation and interest rate-swap agreement	2,184,773	(159,664)	2,025,109	4,137,487	(162,688)	3,974,799
Amortization and depreciation expense	(2,305,314)		(2,305,314)	(2,239,899)		(2,239,899)
Change in value of interest-rate swap agreement	156,306		156,306	173,212		173,212
<b>Change in net assets</b>	35,765	(159,664)	(123,899)	2,070,800	(162,688)	1,908,112
Net assets - beginning of year	33,135,239	1,821,704	34,956,943	31,064,439	1,984,392	33,048,831
<b>Net assets - end of year</b>	<b>\$ 33,171,004</b>	<b>\$ 1,662,040</b>	<b>\$ 34,833,044</b>	<b>\$ 33,135,239</b>	<b>\$ 1,821,704</b>	<b>\$ 34,956,943</b>

See notes to consolidated financial statements

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2015**

(with summarized financial information for June 30, 2014)

	Program Services			Supporting Services			Total Expenses	
	Social and Supportive Services	Housing	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2015	2014
Salaries and temporary employees	\$ 5,161,543	\$ 5,032,380	\$ 10,193,923	\$ 1,757,151	\$ 42,500	\$ 1,799,651	\$ 11,993,574	\$ 11,713,679
Payroll taxes and employee benefits	<u>1,454,399</u>	<u>1,538,932</u>	<u>2,993,331</u>	<u>455,124</u>	<u>11,806</u>	<u>466,930</u>	<u>3,460,261</u>	<u>3,305,179</u>
Total salaries and related expenses	<b>6,615,942</b>	<b>6,571,312</b>	<b>13,187,254</b>	<b>2,212,275</b>	<b>54,306</b>	<b>2,266,581</b>	<b>15,453,835</b>	15,018,858
Professional fees and contract service payments	274,257	343,540	617,797	132,562		132,562	750,359	740,665
Telephone and telecommunications	67,899	71,508	139,407	38,898	957	39,855	179,262	185,692
Administrative expenses	89,051	206,549	295,600	82,524	2,413	84,937	380,537	372,243
Insurance	115,649	385,929	501,578	27,738	683	28,421	529,999	505,684
Lease expenses	77,822	167,977	245,799				245,799	245,074
Real estate taxes		50,477	50,477				50,477	56,150
Interest and finance charges	833	1,010,674	1,011,507	10,252		10,252	1,021,759	1,044,928
Food	301,089	511,891	812,980	500		500	813,480	790,643
Utilities	282,639	1,073,713	1,356,352				1,356,352	1,397,965
Supplies	154,476	222,174	376,650	54,078	1,330	55,408	432,058	382,644
Equipment, maintenance and repairs	300,774	964,279	1,265,053	7,769	7	7,776	1,272,829	1,071,479
Social and recreation expense	117,968	36,344	154,312				154,312	206,621
Housing project expenses		215,300	215,300				215,300	128,262
Bad debt expense		<u>42,397</u>	<u>42,397</u>				<u>42,397</u>	<u>92,821</u>
Total expenses before amortization and depreciation	<b>8,398,399</b>	<b>11,874,064</b>	<b>20,272,463</b>	<b>2,566,596</b>	<b>59,696</b>	<b>2,626,292</b>	<b>22,898,755</b>	22,239,729
Amortization and depreciation		<u>2,305,314</u>	<u>2,305,314</u>				<u>2,305,314</u>	<u>2,239,899</u>
	<b><u>\$ 8,398,399</u></b>	<b><u>\$ 14,179,378</u></b>	<b><u>\$ 22,577,777</u></b>	<b><u>\$ 2,566,596</u></b>	<b><u>\$ 59,696</u></b>	<b><u>\$ 2,626,292</u></b>	<b><u>\$ 25,204,069</u></b>	<b><u>\$ 24,479,628</u></b>

See notes to consolidated financial statements

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2014**

	Program Services			Supporting Services			Total Expenses
	Social and Supportive Services	Housing	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	
Salaries and temporary employees	\$ 5,029,118	\$ 4,923,323	\$ 9,952,441	\$ 1,713,390	\$ 47,848	\$ 1,761,238	\$ 11,713,679
Payroll taxes and employee benefits	<u>1,365,422</u>	<u>1,489,046</u>	<u>2,854,468</u>	<u>437,419</u>	<u>13,292</u>	<u>450,711</u>	<u>3,305,179</u>
Total salaries and related expenses	6,394,540	6,412,369	12,806,909	2,150,809	61,140	2,211,949	15,018,858
Professional fees and contract service payments	322,070	258,167	580,237	160,428		160,428	740,665
Telephone and telecommunications	65,886	88,357	154,243	30,593	856	31,449	185,692
Administrative expenses	97,884	184,577	282,461	88,127	1,655	89,782	372,243
Insurance	106,540	374,611	481,151	23,871	662	24,533	505,684
Lease expenses	77,822	167,252	245,074				245,074
Real estate taxes		56,150	56,150				56,150
Interest and finance charges	1,235	1,038,239	1,039,474	5,454		5,454	1,044,928
Food	261,729	528,051	789,780	863		863	790,643
Utilities	285,545	1,112,420	1,397,965				1,397,965
Supplies	123,213	215,650	338,863	42,591	1,190	43,781	382,644
Equipment, maintenance and repairs	216,293	849,714	1,066,007	5,402	70	5,472	1,071,479
Social and recreation expense	134,041	72,300	206,341	280		280	206,621
Housing project expenses		128,262	128,262				128,262
Bad debt expense		<u>92,821</u>	<u>92,821</u>				<u>92,821</u>
Total expenses before amortization and depreciation	8,086,798	11,578,940	19,665,738	2,508,418	65,573	2,573,991	22,239,729
Amortization and depreciation		<u>2,221,961</u>	<u>2,221,961</u>	<u>17,728</u>	<u>210</u>	<u>17,938</u>	<u>2,239,899</u>
	<u>\$ 8,086,798</u>	<u>\$ 13,800,901</u>	<u>\$ 21,887,699</u>	<u>\$ 2,526,146</u>	<u>\$ 65,783</u>	<u>\$ 2,591,929</u>	<u>\$ 24,479,628</u>

See notes to consolidated financial statements

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Consolidated Statements of Cash Flows**

	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (123,899)	\$ 1,908,112
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contribution		(1,000,000)
Depreciation and amortization	2,308,151	2,239,899
Gain on interest-rate swap agreement	(156,306)	(173,212)
Bad debt	42,397	92,821
Change in reserve for bad debt	(9,333)	(39,697)
Changes in:		
Grants and government contracts receivable	(314,454)	361,544
Receivable from affiliates	335,214	(2,489,210)
Rents receivable	(89,730)	(43,817)
Advances receivable from residents	10,120	(1,064)
Other receivables	13,233	(63,294)
Prepaid expenses	(40,465)	(42,159)
Accounts payable and accrued expenses	297,228	(100,187)
Due to residents	(88,270)	370,689
Payable to affiliates		(91,047)
Deferred government contracts	36,074	43,500
Rents received in advance	(81,124)	16,779
	<u>2,138,836</u>	<u>989,657</u>
Net cash provided by operating activities		
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(1,014,287)	(1,445,158)
Investment in partnership and housing company	(388,812)	(29,677)
Changes in reserves and escrow	280,847	639,702
Security deposit paid	1,815	2,260
	<u>(1,120,437)</u>	<u>(832,873)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of notes payable	25,000	
Principal payments on mortgage loan payable	(83,568)	(77,904)
Deferred capitalized leasing costs		(198,303)
Principal payments on notes payable	(25,000)	(25,000)
Principal payments on bonds payable	(300,000)	(300,000)
	<u>(383,568)</u>	<u>(601,207)</u>
Net cash used in financing activities		
<b>Net change in cash and cash equivalents</b>	<b>634,831</b>	<b>(444,423)</b>
Cash and cash equivalents - beginning of year	<u>6,596,123</u>	<u>7,040,546</u>
<b>Cash and cash equivalents - end of year</b>	<b>\$ <u>7,230,954</u></b>	<b>\$ <u>6,596,123</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 880,466</u>	<u>\$ 900,876</u>

See notes to consolidated financial statements

# WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

## Notes to Consolidated Financial Statements June 30, 2015 and 2014

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] Organization:

West Side Federation for Senior and Supportive Housing, Inc. ("WSFSSH") is a not-for-profit housing development corporation committed to developing and managing housing for low-income, elderly, disabled and homeless persons and providing them with supportive services. WSFSSH, incorporated in 1977 in the State of New York, is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws. As described in the accompanying notes, WSFSSH is affiliated with, and has transactions with, a number of entities. The financial position, changes in net assets, and cash flows of certain of those entities are required to be consolidated with those of WSFSSH, in accordance with accounting principles generally accepted in the United States of America, while others are not. Accordingly, the accompanying consolidated financial statements include the financial statements of WSFSSH and the following entities (together, the "Organization"):

Marseilles LLC ("Marseilles") is organized as a limited liability company which owns the beneficial interest in and operates the property located at 230 West 103rd Street, New York, NY. Marseilles HDFC, a not-for-profit housing development fund corporation, whose board of directors is appointed by the board of directors of WSFSSH, holds the fee simple title of the property. WSFSSH is the sole member of Marseilles LLC and Marseilles HDFC.

WSFSSH and West Side Special Housing Development Fund Corporation ("West Side Special") share common members of their respective boards of directors. In addition, WSFSSH has use-agreements with West Side Special for several real estate properties owned and reflected on the books of West Side Special, including West 74th Street Residence, 129th Street Residence, Valley Lodge Transitional Shelter, Revella, One Twenties Cluster and 459 West 147th Street. WSFSSH uses these properties for its housing programs.

West Side Special has a 99% limited-partnership interest in One Forty Nine Housing Company. This interest, which was previously held by National Equity Fund 1987 Partnership ("NEF"), was transferred to West Side Special at no cost under an agreement dated September 2003. The general partner of One Forty Nine Housing Company is Federation Housing Support Services, Inc. ("FHSS"), an affiliated entity.

The Westbourne Housing Development Fund Company, Inc. ("Westbourne") is a not-for-profit housing development corporation, whose board of directors is appointed by the board of directors of WSFSSH. Westbourne owns and operates property located at 930 West End Avenue, New York, consisting of one building containing 128 residential units and three commercial units. WSFSSH provides building management and social services to Westbourne.

East One Thirty Eighth Housing Development Fund Company, Inc. ("East 138 HDFC") is a not-for-profit housing development corporation, whose board of directors is appointed by the board of directors of WSFSSH, the sole member of East 138 HDFC. East 138 HDFC provides social and other supportive services to Borinquen Court Associates LP, which owns and operates a property for elderly and handicapped persons of low income located at 285 East 138<sup>th</sup> Street, Bronx, New York, consisting of one building containing 145 residential units. Borinquen Court Associates, LP is an affiliate of WSFSSH.

One Forty Nine Housing Company ("149 Housing") is a limited partnership that was formed under the laws of the State of New York on October 15, 1985 to acquire, construct, rehabilitate, operate and manage low-income housing properties. 149 Housing operates one building containing 73 residential units located at 149 Manhattan Avenue, New York, New York. The general partner of 149 Housing, Federation Housing Support Service, Inc., a not-for-profit corporation whose board of directors is appointed by the board of WSFSSH, has a 1% ownership interest, and the limited partner, West Side Special, has a 99% ownership interest. WSFSSH provides building management and social services to 149 Housing.



# WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

## Notes to Consolidated Financial Statements June 30, 2015 and 2014

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [1] Organization: (continued)

Borinquen Court Housing Company, Inc. ("BCHC") is a for-profit housing development corporation formed in the State of New York on August 5, 2010. WSFSSH owns 100% of the BCHC stock. BCHC is a general partner with a .01% interest in the partnership of Borinquen Court Associates, LP, which owns and operates property located at 285 East 138th Street, Bronx, New York.

Euclid Hall Housing Development Fund Company, Inc. ("Euclid Hall HDFC") is a not-for-profit housing development corporation, exempt under Section 501(c)(3), whose board of directors is appointed by the board of directors of WSFSSH. Euclid Hall HDFC owns and operates property located at 2345 Broadway, New York, New York, previously owned by a limited partnership, Euclid Hall Associates, L.P. ("Euclid Hall LP"). Euclid Hall LP was comprised of two partners: a 99% limited partner, the National Equity Fund, and a 1% general partner, 2345 Housing Company, Inc., which was an affiliate of WSFSSH. On May 9, 2013, the partners of Euclid Hall LP contributed their partnership interest to Euclid Hall HDFC. By operation of law, after the transfer occurred, Euclid Hall LP was dissolved. WSFSSH provides building management and social services to Euclid Hall HDFC.

WSA Housing Development Fund Company, Inc. ("WSA") is a not-for-profit housing development corporation, exempt under Section 501 (c)(3) of the Code, whose board of directors is appointed by the board of directors of WSFSSH. WSA developed and operated a housing project for elderly and handicapped persons of low income, consisting of one building containing 29 residential units located at 140 West 105th Street, New York, New York, which opened in 1988. On June 29, 2006, WSA sold the property to One Hundred Forty Associates, LP, which continues to operate the project for elderly and handicapped persons of low income. One Hundred Forty Associates, LP is an affiliate of WSFSSH.

All intercompany accounts and transactions have been eliminated in consolidation.

#### [2] Basis of accounting:

The accompanying consolidated financial statements of the Organization have been prepared using the accrual basis of accounting and conform to generally accepted accounting principles, as applicable to not-for-profit organizations.

#### [3] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### [4] Functional allocation of expenses:

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by the Organization's management.

# WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

## Notes to Consolidated Financial Statements June 30, 2015 and 2014

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [5] Cash and cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash also includes amounts which are held by the Organization for its tenants. Restricted cash for fiscal years ended 2015 and 2014 was \$1,159,206 and \$1,247,476, respectively. This is included in due to residents.

#### [6] Property and equipment:

Property and equipment are reported at their original costs or their fair values on the dates of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 31.5 years. Building and leasehold improvements are capitalized and amortized using the straight-line method over the remaining lease term or the useful lives of the improvement, whichever is shorter. Land is not depreciated.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2015 and 2014, respectively, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

#### [7] Accrued vacation:

Based on their tenure and an annual carryover provision, the Organization's employees are entitled to be paid for unused vacation time if they leave the Organization's employ. Accordingly, at each year-end, the Organization must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. At June 30, 2015 and 2014, this accrued vacation was \$133,720 and \$100,600, respectively.

#### [8] Net assets:

The Organization's net assets and changes therein are classified and reported as follows:

##### (a) *Unrestricted:*

Unrestricted net assets represent those resources that have no donor restrictions as to their use.

##### (b) *Temporarily restricted:*

Temporarily restricted net assets represent those resources the use of which has been restricted by donors to specific purposes or by the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor or the occurrence of other events. Temporarily restricted contributions and grants, the requirements of which are met in the year of donation, are reported as unrestricted.

# WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

## Notes to Consolidated Financial Statements June 30, 2015 and 2014

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [9] Contributions and government grants contracts:

Contributions to support the Organization's operations are recognized as unrestricted. Contributions which support future operations or donor-restricted purposes are reflected as temporarily restricted contributions in the accompanying consolidated financial statements. All contributions are recognized at their fair values at the dates received. Revenues from government contracts and grants are recognized when costs are incurred or services have been performed. Contracts and grants received in advance are recorded as advances from governmental agencies, and revenue is deferred until the related expenses are incurred.

#### [10] Fees and rental revenue:

Fees and rental revenue are recognized based upon services rendered in accordance with contractual provisions. Rental income relating to the current year is recognized as revenue in the current year. The recognition of revenue related to rents received in advance is deferred until the following year.

#### [11] Funds held on behalf of residents:

Funds held on behalf of residents represent cash held by the Organization which is used to pay living expenses on their behalf.

#### [12] Deferred leasing and financing costs:

Costs incurred in connection with leasing equipment are capitalized and amortized using the straight-line method for a period of time ranging from 5 to 10 years. In addition, aggregate costs related to the issuance of the New York City Multi-Family Mortgage Revenue Bonds are being amortized using the straight-line method over the terms of the bonds (see Note M).

#### [13] Income tax:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the School's general tax-exempt status, management believes that ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

#### [14] Fair-value measurement:

The Organization reports a fair-value measurement of all applicable financial assets and liabilities including grants and other receivables, short-term payables and long-term debt.

#### [15] Derivatives:

A derivative financial instrument consisting of an interest-rate swap contract is measured at fair value. The fair value of an interest-rate swap agreement is the estimated amount that an entity would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The Organization reports the fair value of interest-rate swaps in either other assets or other liabilities, as appropriate, in the accompanying consolidated statements of financial position and the corresponding changes in the fair value of these swaps are reported as change in value of interest-rate swap agreement in the accompanying consolidated statements of activities.

# WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

## Notes to Consolidated Financial Statements June 30, 2015 and 2014

### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [16] Subsequent events:

The Organization considers the accounting treatments, and the related disclosures in the current fiscal-year's consolidated financial statements, that may be required as the result of all events or transactions that occur after the fiscal year-end through December 15, 2015, the date that the financial statements were available to be issued.

### NOTE B - GRANTS AND GOVERNMENT CONTRACTS RECEIVABLE

At each fiscal year-end, amounts due to the Organization from governmental agencies, net of advances, in support of client services and under the terms of agreements signed with various federal, state and city agencies, were as follows:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Federal	\$ 260,888	\$ 278,110
New York State	232,801	138,995
New York City	<u>975,624</u>	<u>737,754</u>
	<u>\$ 1,469,313</u>	<u>\$ 1,154,859</u>

Based on prior history, management considers these receivables to be fully collectible; accordingly, no allowance for doubtful amounts has been established.

### NOTE C - RELATED-PARTY TRANSACTIONS

#### [1] Property management:

The following not-for-profit corporations share common members of their respective boards of directors with the Organization. The Organization provides centralized accounting, property management and/or social services functions to these corporations, although the criteria for consolidation are not present:

- 1) K & L Housing Development Fund Company, Inc.
- 2) Frederic Fleming Housing Development Fund Corporation

In addition, the following organizations, which are affiliated with the Organization, serve as general partners in certain limited partnerships related to buildings sponsored by the Organization. The Organization performs centralized accounting, property management and/or social services functions for these limited partnerships, for which the criteria for consolidation are either not present or would have a de-minimis impact on WSFSSH's financial statements:

## **WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

### **Notes to Consolidated Financial Statements June 30, 2015 and 2014**

#### **NOTE C - RELATED-PARTY TRANSACTIONS (CONTINUED)**

##### **[1] Property management: (continued)**

- 1) PSS/WSF Housing Development Fund Company, Inc., general partner for:  
PSS/WSF Housing Company, LP
- 2) Federation Housing Support Services, Inc., general partner for:  
Manhattan West Associates, LP
- 3) Ben Michalski Housing Development Fund Company, Inc., general partner for:  
Two Hundred Six Associates, LP
- 4) One Hundred Forty Housing Company, Inc., general partner for:  
One Hundred Forty Associates, LP
- 5) Claremont Park Housing Company, Inc., general partner for:  
Claremont Park Associates, LP
- 6) West Eighties Housing Company, Inc., general partner for:  
West Eighties Associates, LP

Management and social-service and consulting fees for each of the fiscal-years 2015 and 2014 were \$880,896 and \$810,121, respectively.

##### **[2] Development fee agreement:**

In December 2008, the Organization entered into a development fee agreement with Claremont Park Associates, LP with respect to the construction of a 115-unit development located at 1421 College Avenue, Bronx, New York. Under the agreement, WSFSSH provided certain development services including selection and supervision of the architect and engineer for the project, assisting and advising in the preparation of the development budget and pro forma cash flow projections, and coordinating with the construction contractor. The agreement called for a total development fee of \$2,572,500, of which \$570,000 is outstanding as of June 30, 2015, which is included in the amount receivable from Claremont Park Associates, LP (see Note D).

In June 2012, the Organization entered into a development fee agreement with Borinquen Court Associates, LP with respect to the rehabilitation of a 145-unit residential property located at 285 East 138th Street, Bronx, New York (the "Project"). Under the agreement, WSFSSH provided certain development services including preparing a business plan for the development and operation of the Project, procuring all required construction and rehabilitation financing, performing selection and supervision of the architect and engineer for the Project, and assisting the Project to be rehabilitated in accordance with an approved construction schedule. The agreement called for a total development fee of \$2,430,465, of which \$1,930,465 was reflected as income as of June 30, 2014 of which \$756,945 is outstanding as of June 30, 2015, and is included in the amount receivable from Borinquen Court Associates, LP (see Note D). The rehabilitation project was completed in August 2014.

## WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2015 and 2014

#### NOTE D - AFFILIATE RECEIVABLES

As described in Note A[1], the Organization is affiliated with various entities, the financial statements of which have not been included in the accompanying consolidated financial statements. At each fiscal year-end, amounts due to and from these affiliates were as follows:

Receivables	June 30,	
	2015	2014
Claremont Park Associates, LP	\$ 1,355,362	\$ 1,954,782
Tres Puentes LP	1,270,674	
Borinquen Court Associates, LP	998,547	2,449,947
One Hundred Forty Associates, LP	610,619	520,914
PSS/WSF Housing Company, LP	461,016	188,318
Two Hundred Six Associates, LP	309,602	284,223
K & L HDFC, Inc.	118,396	123,080
Manhattan West Associates, LP	45,810	44,639
Federation Housing Support Services, Inc.	87,758	
West Eighties Associates, LP	<u>31,384</u>	<u>58,479</u>
Total receivables	5,289,168	5,624,382
Less: current portion	<u>3,725,694</u>	<u>2,346,267</u>
	<u>\$ 1,563,474</u>	<u>\$ 3,278,115</u>

Tres Puentes LP was formed on October 4, 2013 to acquire, construct and own certain real property located in Bronx, New York. The general partner of Tres Puentes LP is West Side Special and the limited partner is WSFSSH. During fiscal-year 2015, Tres Puentes LP incurred development costs totaling \$1,270,674 related to construction of two new buildings. WSFSSH provided the funds to cover the related costs and reported the total funded amount as a receivable from affiliates. The funds are to be repaid to WSFSSH once financing has been secured by Tres Puentes LP. As of and for the years ended June 30, 2015 and 2014, the financial statements of Tres Puentes LP are not consolidated with those of the Organization because it is the intention of WSFSSH's management to syndicate Tres Puentes LP to independent investors. Subsequent to June 30, 2015, Tres Puentes LP has obtained a \$1,500,000 loan under a line of credit with Local Initiatives Support Corporation, to provide financing for pre-development costs. WSFSSH has guaranteed the repayment of this loan and the related interest. The line of credit expires on the earlier of the date of construction loan financing of Tres Puentes LP or January 1, 2017.

#### NOTE E - NOTES AND LOAN RECEIVABLE FROM AFFILIATES

At each fiscal year-end, notes and loan receivable from affiliates consist of the following:

	June 30,	
	2015	2014
K & L HDFC, Inc. (a)	\$ 259,159	\$ 259,159
PSS/WSF Housing Company, LP (b)	72,962	72,962
Borinquen Court Associates, LP (c)	4,442,105	4,442,105
One Hundred Forty Associates, LP (d)	<u>1,222,000</u>	<u>1,222,000</u>
	<u>\$ 5,996,226</u>	<u>\$ 5,996,226</u>

## **WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

### **Notes to Consolidated Financial Statements June 30, 2015 and 2014**

#### **NOTE E - NOTES AND LOAN RECEIVABLE FROM AFFILIATES (CONTINUED)**

- (a) Residual receipts note receivable, bearing interest at 1% per annum, due and payable on December 31, 2052. Prepayment of principal and interest on this note may be made from surplus cash with prior approval of HUD.
- (b) Loan receivable, bearing interest of 4.63% per annum due and payable on August 28, 2043.
- (c) Purchase money note receivable bearing interest at the rate of 2.89% per annum, compounded quarterly. Interest payments of \$128,377 are due and payable commencing January 1, 2014 and are payable from available cash flow. To the extent that cash flow is not sufficient to cover the quarterly payments, any shortfall will be deferred and accrued. All remaining principal and accrued interest is due and payable on January 1, 2044. At June 30, 2015 and 2014, the fair value of the note receivable approximates the present value of the projected future cash flows, discounted at a rate of 2.89%. The interest accrued on the note receivable is \$407,281 and \$269,629 as of June 30, 2015 and 2014, respectively.
- (d) Seller note receivable bearing interest at the rate of 5.32% (compounded quarterly). The term is 30 years from the date of June 29, 2006. Payment of interest and principal of \$81,612 is due and payable commencing on June 29, 2007 and on each anniversary of the date, cash flow permitting. The interest accrued on the seller note receivable is \$599,247 and \$508,018 as of June 30, 2015 and 2014, respectively. The loan receivable, bearing interest of 4.63% per annum, is due and payable on August 28, 2043.

#### **NOTE F - RENTS RECEIVABLE**

At June 30, 2015 and 2014, net rents receivable consist of balances due to the Organization from tenants and government subsidies. All amounts are due within one year. Based on management's past experience, approximately \$150,000 and \$141,000 have been reserved for an allowance for uncollectible accounts for fiscal-years 2015 and 2014, respectively.

#### **NOTE G - ADVANCES RECEIVABLE FROM RESIDENTS**

At June 30, 2015 and 2014, advances receivable from residents consist of balances due to the Organization from residents. All amounts are due within one year. Based on management's past experience, approximately \$17,000 and \$18,000 has been reserved for an allowance for uncollectible accounts for doubtful collections in both fiscal-years 2015 and 2014, respectively.

#### **NOTE H - INVESTMENT IN PARTNERSHIPS**

In 2002, WSFSSH acquired a 45% limited-partnership interest in Manhattan West Associates LP, a New York limited partnership. The investment in the partnership is accounted for using the equity method of accounting. The value of the investment in this partnership as of June 30, 2015 and 2014 was \$3,932,560 and \$3,952,317, respectively. In fiscal-years 2015 and 2014, WSFSSH recognized \$1,239,116 and \$908,501, respectively, of partnership income, net of an amortization charge for the excess of cost over the underlying equity. WSFSSH received a distribution of \$1,079,019 and \$848,286 from the partnership in fiscal-years 2015 and 2014, respectively.

On June 13, 2012, BCHC made an investment in Borinquen Court Associates, LP in exchange for a .01% general partnership. The investment in the partnership is accounted for using the equity method of accounting because of WSFSSH's ability to exercise influence over the partnership through BCHC, as general partner, but the investment in the partnership is not consolidated since the limited partners have substantive participating rights. The value of the investment in this partnership at June 30, 2015 and 2014 was \$1,550,116 and \$1,141,547, respectively.

# WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

## Notes to Consolidated Financial Statements June 30, 2015 and 2014

### NOTE I - FAIR VALUE MEASUREMENT

The FASB's ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for those investments, or similar investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for those investments, or similar investments, in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include investments, or similar investments, that are redeemable at or near the balance sheet date and for which a model was derived for valuation.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; or (ii) the underlying investments can be independently valued; or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The Organization's assets classified as Level 2 consist of an interest-rate swap contract, which has been adjusted to its fair value using current interest rates and estimates as explained in Note A[15]. The purchase money note receivable as described in Note E, which is reported at its estimated fair value using discounted cash flow, is determined to be Level 3. The classification of assets in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each of the assets.

The following table summarizes the fair values of the Organization's interest-rate swap and purchase money note receivable at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

	<b>June 30, 2015</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Purchase money note receivable - Borinquen Court Project		\$ 4,442,105	\$ 4,442,105
Purchase money note receivable - Fania Gersham Project		1,222,000	1,222,000
Interest-rate swap	\$ (1,364,904)		(1,364,904)
	<u>\$ (1,364,904)</u>	<u>\$ 5,664,105</u>	<u>\$ 4,299,201</u>
	<b>June 30, 2014</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Purchase money note receivable - Borinquen Court Project		\$ 4,442,105	\$ 4,442,105
Purchase money note receivable - Fania Gersham Project		1,222,000	1,222,000
Interest-rate-swap	\$ (1,521,210)		(1,521,210)
	<u>\$ (1,521,210)</u>	<u>\$ 5,664,105</u>	<u>\$ 4,142,895</u>

No changes were reported in the fair value of the Organization's Level 3 assets. There were no transfers between Levels 2 or 3 in fiscal-years 2015 and 2014.



**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE J - RESERVES AND ESCROW**

In accordance with the provisions of the Organization's regulatory agreements, reserves and escrow are used for the replacement of property and equipment and repayment of bonds. With the exception of the One Forty Nine Housing - Owner Reserve, the use of these funds requires prior approval from the applicable regulatory agency.

At each fiscal year-end, reserves and escrow consisted of the following:

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
WSFSSH - Reserve for Fania Gersham Apartments	\$ 92,757	\$ 92,720
459 W. 147th Street - Water and Sewer Escrow	2,951	5,683
459 W. 147th Street - Replacement Reserve	19,162	16,846
Revella - Replacement Reserve	146,107	129,638
Revella - Social Service Reserve	106,722	106,576
Marseilles - Principal Reserve Fund	64,630	54,542
Marseilles - Replacement Reserve	235,911	201,932
One Forty Nine Housing - Replacement Reserve	232,264	209,544
One Forty Nine Housing - Owner Reserve	44,582	208,403
Westbourne - Operating Reserve	940,713	929,667
Westbourne - Replacement Reserve	156,004	117,859
Euclid - Operating Reserve	1,244,162	1,227,841
Euclid - Replacement Reserve	2,593,680	3,289,169
WSFSSH- Development Fund Reserve	1,532,092	1,687,319
WSFSSH – Operating Reserve for Claremont	380,000	
WSFSSH – Social Service Reserve for Claremont	190,000	
One Twenties Clusters - Replacement Reserve	321,867	306,738
One Twenties Clusters - Social Service Reserve	65,194	65,168
	<b><u>\$ 8,368,798</u></b>	<b><u>\$ 8,649,645</u></b>

**NOTE K - PROPERTY AND EQUIPMENT**

At each fiscal year-end, property and equipment consisted of the following:

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
Land	\$ 18,809,520	\$ 18,809,520
Buildings and leasehold improvements	60,408,611	59,680,227
Equipment	2,443,663	2,163,434
Furniture	1,162,072	1,162,072
	<b>82,823,866</b>	<b>81,815,253</b>
Less accumulated depreciation	<b><u>22,145,314</u></b>	<b><u>19,908,354</u></b>
	<b><u>\$ 60,678,552</u></b>	<b><u>\$ 61,906,899</u></b>

For fiscal-years 2015 and 2014, depreciation expense was \$2,239,797 and \$2,188,573, respectively.

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE L - DEFERRED COSTS**

At each fiscal year-end, deferred financing costs related to Marseilles and East 138 HDFC consisted of the following:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Deferred leasing and financing costs	<b>\$ 1,067,666</b>	\$ 1,067,666
Less accumulated amortization	<u>(499,245)</u>	<u>(433,728)</u>
	<b><u>\$ 568,421</u></b>	<b><u>\$ 633,938</u></b>

Amortization expense was \$65,517 and \$51,326 for fiscal-years 2015 and 2014, respectively.

**NOTE M - BONDS PAYABLE - NEW YORK CITY MULTI-FAMILY MORTGAGE REVENUE BONDS**

The New York City Housing Development Corporation ("HDC") issued \$13,625,000 in tax-exempt, multi-family mortgage revenue bonds (2004 Series A) on behalf of Marseilles. The bonds have a term of 30 years. Under an interest-rate-swap arrangement with Citigroup, the bonds carry an interest rate of 4.06%. The swap interest rate will be renegotiated at the end of December 15, 2019. Citigroup is also providing credit enhancement for the bonds through a letter of credit. Including the letter of credit fee charged by Citigroup, as well as other servicing fees, the overall effective rate of the bonds is approximately 5.36% for the first fifteen years. Under the terms of the arrangement with HDC and Citigroup, Marseilles must make certain monthly principal payments into a principal reserve fund which is held in trust for the bondholders at Deutsche Bank, the trustee. Furthermore, to the extent that at least \$100,000 has accumulated in the principal reserve fund, on each February 1, May 1, August 1 and November 1, all amounts in the principal reserve fund, rounded down to the nearest multiple of \$100,000, are transferred by the trustee into a redemption account where the monies are used on the first day of the next succeeding March, June, September and December to redeem the bonds. At both June 30, 2015 and 2014, cash and cash equivalents of \$66,596 and \$54,969, respectively, were restricted for debt service. The bond balance at June 30, 2015 and 2014 was \$11,125,000 and \$11,425,000, respectively.

Minimum annual future payments under the loan agreements, for years subsequent to June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 329,198
2017	347,283
2018	366,362
2019	386,488
2020	407,721
Thereafter	<u>9,287,948</u>
	<b><u>\$ 11,125,000</u></b>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE N - LONG-TERM DEBT**

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Mortgage loan payable, bearing interest at 1%, secured by a general assignment of leases and rents to HPD on the building located at 300 Amsterdam Avenue, New York City, due in December 2021 (a).	<b>\$ 3,107,778</b>	\$ 3,107,778
Mortgage loan payable, bearing interest at 1%, secured by a mortgage encumbering on the property located at 109 West 129th Street, New York City, due in April 2032 (a).	<b>1,405,991</b>	1,405,991
Mortgage loan payable, bearing interest at 1%, secured by a mortgage encumbering the property and improvements located at 307 West 116th Street, New York City, due in June 2033 (a).	<b>1,712,585</b>	1,712,585
Mortgage loan payable, bearing no interest, secured by a mortgage encumbering the property and improvements located at 930 West End Avenue, New York City, due in November 2024.	<b>4,665,028</b>	4,665,028
Mortgage loan payable, bearing no interest, secured by a mortgage encumbering the property and improvements located at 149 Manhattan Avenue, New York City, due in April 2034.	<b>2,441,330</b>	2,441,330
Mortgage loan payable, bearing interest at .50% per annum, secured by a mortgage encumbering the property and improvements located at 2345 Broadway, New York City, due in December 1, 2042. The terms provided if the Organization was not in default on the mortgage as of September 30, 2013, the federal Section 17 portion of the mortgage of \$1,000,000 would be forgiven. During fiscal year 2014, the requirements were met and accordingly, the mortgage was reduced by \$1,000,000 and reported as an in-kind contribution.	<b><u>22,102,653</u></b>	<u>22,102,653</u>
Total mortgage loans payable to HPD	<b><u>35,435,365</u></b>	<u>35,435,365</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE N - LONG-TERM DEBT (CONTINUED)**

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Loan payable, unsecured, non-interest bearing, to Deutsche Bank Americas Foundation, \$25,000 due July 31, 2015, 2016 and May 2017.	\$ 75,000	\$ 75,000
Mortgage loan payable to HUD, non-interest bearing and secured by a mortgage encumbering the property and improvements for the One Twenties Cluster project, due in 2036.	6,186,955	6,186,955
Three mortgage loans payable to Community Preservation Corporation and HPD, secured by liens on the property located at 459 West 147th Street, New York City. At June 30, 2015, the loans consisted of 1) \$179,894 loan, bearing interest of 6.27%, to be amortized over 25 years; 2) \$270,804 loan bearing interest of 1%, to be amortized over 30 years (with a step-up in years 26-30); 3) \$302,500 Home loan, bearing no interest. At June 30, 2014, the loans consisted of 1) \$190,013 loan, bearing interest of 6.27%, to be amortized over 25 years; 2) \$270,804 loan bearing, interest of 1%, to be amortized over 30 years (with a step-up in years 26-30); 3) \$302,500 Home loan, bearing no interest.	753,198	763,317
Subordinate note and mortgage loan payable in monthly installments to Citibank, bearing interest of 7.45% secured by a lien on the property located at 230 West 103rd Street, New York City, due on December 1, 2019.	<u>3,260,670</u>	<u>3,334,119</u>
Total long-term debt	45,711,188	45,794,756
Less: current portion	<u>139,663</u>	<u>108,568</u>
	<u>\$ 45,571,525</u>	<u>\$ 45,686,188</u>

- (a) Interest on these HPD loans will accrue at the maturity of these loans, and the principal, together with interest, will be due on maturity. However, if the properties are still owned by a not-for-profit organization on the 25th anniversary of the loans, the unpaid principal balance, together with the accrued interest thereon, will be reduced and deemed paid in five annual decrements of 20% of the respective balances.

The required principal payments by the Organization on the above obligations, in each of the five fiscal years subsequent to June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 139,663
2017	96,220
2018	103,274
2019	110,864
2020	119,030
Thereafter	45,142,137

Interest expense for the fiscal-years 2015 and 2014 was \$989,133 and \$1,010,701, respectively.

# **WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

## **Notes to Consolidated Financial Statements June 30, 2015 and 2014**

### **NOTE O - TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2015 and 2014, net assets of \$1,662,040 and \$1,821,704 were temporarily restricted for housing. During fiscal-year 2015 and 2014, net assets in the amounts of \$410,003 and \$329,735 were released in satisfaction of these restrictions.

### **NOTE P - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in both interest-bearing and non-interest-bearing accounts which, at times, may exceed federally insured limits. Management believes that the Organization is not exposed to any significant risk of loss due to the possible failure of the financial institutions.

### **NOTE Q - EMPLOYEE BENEFIT PLAN**

The Organization maintains a defined-contribution pension plan (the "Plan"), operating under Section 403(b) of the Internal Revenue Code for the benefit of all eligible employees. Plan expenses for fiscal-years 2015 and 2014 were approximately \$236,000 and \$329,735, respectively.

### **NOTE R - COMMITMENTS AND CONTINGENCIES**

#### **[1] Governmental audits:**

Government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2015 and 2014, there were no material obligations outstanding as a result of such audits, and management believes that no material obligations will result from any future audits of such activities.

#### **[2] Contracts:**

The Organization has entered into contacts and agreements in the normal course of business.

#### **[3] Line of credit:**

During 2015, the Organization obtained a \$2,000,000 line of credit with JPMorgan Chase for ongoing operational requirements, expiring March 13, 2016. There was no outstanding balance at June 30, 2015 under the line of credit.

#### **[4] Guarantees:**

In conjunction with developing and managing housing facilities for the low-income, elderly, disabled and homeless persons, the WSFSSH has entered into various agreements with affiliated entities guaranteeing operating deficits and tax credit compliance. WSFSSH has not been called upon to make payments under these guarantees to date, and the conditions requiring guarantee payments are considered unlikely by WSFSSH. Such guarantee payments are not anticipated in the future, and as of June 30, 2015 and 2014, WSFSSH has not recognized a liability under the guarantees.

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS**

**[1] Marseilles LLC:**

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2015 and 2014, and the statements of its results of operations for the fiscal years then ended are as follows:

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 551,836	\$ 1,363,898
Tenant security deposits held	160,819	156,214
Receivable from affiliates	4,957,002	3,916,448
Rents receivable, net	39,804	39,194
Prepaid expenses	<u>56,225</u>	<u>41,897</u>
Total current assets	5,765,686	5,517,651
Reserves and escrow	300,541	256,474
Property and equipment	17,892,790	18,322,692
Deferred financing costs	<u>568,421</u>	<u>633,939</u>
	<u>\$ 24,527,438</u>	<u>\$ 24,730,756</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 226,725	\$ 300,356
Due to residents	904	904
Tenants' security deposits held	160,819	156,214
Rents received in advance	3,070	37,158
Long-term debt - current portion	<u>408,311</u>	<u>385,506</u>
Total current liabilities	799,829	880,138
Long-term debt	3,181,557	3,260,670
Bonds payable	10,795,802	11,112,944
Interest-rate swap obligation	<u>1,364,904</u>	<u>1,521,210</u>
Total liabilities	16,142,092	16,774,962
Unrestricted net assets	<u>8,385,346</u>	<u>7,955,794</u>
	<u>\$ 24,527,438</u>	<u>\$ 24,730,756</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[1] Marseilles LLC: (continued)**

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Income:</b>		
Gross potential rent - tenant	\$ 2,614,193	\$ 2,599,054
Less: vacancy loss	<u>(87,379)</u>	<u>(96,663)</u>
Net residential rent	<u>2,526,814</u>	<u>2,502,391</u>
Gross potential rent - commercial	672,259	632,651
Less: vacancy loss		(270,479)
Less: rent concessions	<u>(14,399)</u>	<u>(231,546)</u>
Net commercial rent	<u>657,860</u>	<u>130,626</u>
Total rental income	3,184,674	2,633,017
Interest and other income	<u>33,568</u>	<u>3,211</u>
Total income	<u>3,218,242</u>	<u>2,636,228</u>
<b>Expenses:</b>		
Salaries	351,654	271,782
Payroll taxes and employment benefits	120,091	94,256
Professional fees	30,737	40,971
Management fees	165,683	130,632
Administrative expenses	22,129	19,126
Real estate taxes	50,477	56,150
Insurance	83,963	81,213
Utilities	194,507	219,584
Supplies	11,658	9,795
Equipment, maintenance and repair	347,710	169,278
Social and recreation expenses	<u>7,276</u>	<u>14,595</u>
Total expenses before finance and depreciation	<u>1,385,885</u>	<u>1,107,382</u>
Change in net assets before finance and depreciation expenses	<u>1,832,357</u>	<u>1,528,846</u>
<b>Finance and depreciation expenses:</b>		
Interest and finance charges	864,985	884,945
Depreciation and amortization	694,126	665,538
Change in value of interest-rate swap agreement	<u>(156,306)</u>	<u>(173,212)</u>
Total finance and depreciation expenses	<u>1,402,805</u>	<u>1,377,271</u>
<b>Change in net assets</b>	429,552	151,575
Net assets - beginning of year	<u>7,955,794</u>	<u>7,804,219</u>
<b>Net assets - end of year</b>	<u>\$ 8,385,346</u>	<u>\$ 7,955,794</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[2] The Westbourne Housing Development Fund Company, Inc.:**

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2015 and 2014 and the statements of its results of operations for the fiscal years then ended are as follows:

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 93,476	\$ 23,334
Tenant security deposits held	21,798	21,533
Rents receivable, net	63,934	81,082
Other receivables	2,088	2,751
Prepaid expenses	<u>15,128</u>	<u>9,170</u>
Total current assets	196,424	137,870
Reserves and escrow	1,096,717	1,047,526
Security deposits	3,285	4,620
Property and equipment	<u>6,718,395</u>	<u>6,923,707</u>
	<b><u>\$ 8,014,821</u></b>	<b><u>\$ 8,113,723</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 63,366	\$ 21,174
Tenant security deposits held	21,798	21,533
Payable to affiliate	521,423	679,075
Rents received in advance	<u>15,958</u>	<u>27,666</u>
Total current liabilities	622,545	749,448
Long-term debt	<u>4,665,028</u>	<u>4,665,028</u>
Total liabilities	5,287,573	5,414,476
Unrestricted net assets	<u>2,727,248</u>	<u>2,699,247</u>
	<b><u>\$ 8,014,821</u></b>	<b><u>\$ 8,113,723</u></b>



**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[2] The Westbourne Housing Development Fund Company, Inc.: (continued)**

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Income:</b>		
Gross potential rent - tenant	\$ 1,145,666	\$ 988,573
Less: vacancy loss	<u>(22,967)</u>	<u>(45,634)</u>
Net residential rent	1,122,699	942,939
Rent - commercial	<u>138,783</u>	<u>137,676</u>
Total rental income	1,261,482	1,080,615
Interest and other income	<u>19,009</u>	<u>33,266</u>
Total income	<u>1,280,491</u>	<u>1,113,881</u>
<b>Expenses:</b>		
Salaries	396,290	305,611
Payroll taxes and employment benefits	106,911	83,835
Professional fees	31,584	28,397
Management fees	98,516	88,594
Administrative expenses	49,539	49,852
Insurance	54,984	51,959
Utilities	146,000	150,121
Supplies	17,838	16,492
Equipment, maintenance and repair	104,533	90,503
Social and recreation expenses	23,495	16,805
Bad debt	<u>13,514</u>	<u>21,821</u>
Total expenses	<u>1,043,204</u>	<u>903,990</u>
Change in net income before finance and depreciation expenses	<u>237,287</u>	<u>209,891</u>
<b>Finance and depreciation expenses:</b>		
Interest and finance charges	3,974	3,161
Depreciation and amortization	<u>205,312</u>	<u>182,467</u>
Total finance and depreciation expenses	<u>209,286</u>	<u>185,628</u>
<b>Change in net assets</b>	<b>28,001</b>	<b>24,263</b>
Net assets - beginning of year	<u>2,699,247</u>	<u>2,674,984</u>
<b>Net assets - end of year</b>	<b><u>\$ 2,727,248</u></b>	<b><u>\$ 2,699,247</u></b>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[3] East 138 HDFC, Inc.:**

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2014 and 2013, and the statements of its results of operations for the fiscal years then ended are as follows:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 83,944	\$ 80,807
Prepaid expenses		
Government contract receivables	<u>15,669</u>	<u>31,871</u>
Total current assets	<u>\$ 99,613</u>	<u>\$ 112,678</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses		3,685
Payable to affiliate	<b>88,400</b>	55,041
Deferred contract revenue		<u>43,500</u>
Total current liabilities	<b>88,400</b>	102,226
Unrestricted net assets	<u>11,213</u>	<u>10,452</u>
	<u>\$ 99,613</u>	<u>\$ 112,678</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[3] East 138 HDFC, Inc.: (continued)**

	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>Revenue:</b>		
Contributions	\$ 7,500	\$ 34,900
Grant income	115,998	153,418
Interest and other income		(1,719)
	<u>123,498</u>	<u>186,599</u>
<b>Expenses:</b>		
Salaries	53,713	83,733
Payroll taxes and employment benefits	14,922	22,549
Professional fees	1,645	1,516
Administrative expenses	1,982	2,477
Insurance	3,582	3,426
Supplies	2,231	839
Equipment, maintenance and repair		542
Food		22,257
Social and recreation expenses		781
Housing project expense	<u>43,500</u>	<u>43,500</u>
	<u>121,575</u>	<u>181,620</u>
Change in net income before finance and depreciation expenses	<u>1,923</u>	<u>4,979</u>
<b>Finance expenses:</b>		
Interest and finance charges	<u>1,162</u>	<u>1,861</u>
<b>Increase in net assets - unrestricted</b>	<b>761</b>	<b>3,118</b>
Net assets - beginning of year	<u>10,452</u>	<u>7,334</u>
<b>Net assets - end of year</b>	<b><u>\$ 11,213</u></b>	<b><u>\$ 10,452</u></b>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[4] One Forty Nine Housing Company:**

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2015 and 2014, and the statements of its results of operations for the fiscal years then ended are as follows:

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 31,998	\$ 23,573
Tenant security deposits held	10,326	10,342
Rents receivable, net	3,016	4,511
Prepaid expenses	<u>4,991</u>	<u>856</u>
Total current assets	50,331	39,282
Reserves and escrow	276,846	417,946
Property and equipment	<u>762,812</u>	<u>829,389</u>
	<u>\$ 1,089,989</u>	<u>\$ 1,286,617</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 22,185	\$ 18,914
Tenant security deposits held	10,326	10,342
Payable to affiliate	70,823	194,641
Rents received in advance	<u>981</u>	<u>7,389</u>
Total current liabilities	104,315	231,286
Long-term debt	<u>2,441,330</u>	<u>2,441,330</u>
Total liabilities	2,545,645	2,672,616
Partner's deficit	<u>(1,455,656)</u>	<u>(1,385,999)</u>
	<u>\$ 1,089,989</u>	<u>\$ 1,286,617</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[4] One Forty Nine Housing Company: (continued)**

	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>Income:</b>		
Gross potential rent - tenant	\$ 760,368	\$ 747,666
Less: vacancy loss	<u>(1,534)</u>	<u>(18,314)</u>
Total rental income	758,834	729,352
Interest and other income	<u>5,974</u>	<u>5,867</u>
Total income	<u>764,808</u>	<u>735,219</u>
<b>Expenses:</b>		
Salaries	286,286	283,808
Payroll taxes and employment benefits	89,943	85,829
Professional fees	18,011	16,536
Management fees	75,412	69,818
Administrative expenses	9,666	7,978
Insurance	27,436	25,894
Utilities	92,506	89,361
Supplies	10,884	8,259
Telephone and internet	9,012	9,051
Equipment, maintenance and repair	39,825	117,143
Overhead expenses	12,588	12,588
Food	19,019	18,541
Bad debt expenses	(2,450)	482
Social and recreation expenses	<u>1,352</u>	<u>1,300</u>
Total expenses	<u>689,490</u>	<u>746,588</u>
Net income (loss) before finance and depreciation expenses	<u>75,318</u>	<u>(11,369)</u>
<b>Finance and depreciation expenses:</b>		
Interest and finance charges		94
Depreciation and amortization	<u>144,975</u>	<u>142,345</u>
Total finance and depreciation expenses	<u>144,975</u>	<u>142,439</u>
<b>Net loss</b>	<b>(69,657)</b>	<b>(153,808)</b>
Partner's equity deficit - beginning of year	<u>(1,385,999)</u>	<u>(1,232,191)</u>
<b>Partner's equity deficit - end of year</b>	<b><u>\$ (1,455,656)</u></b>	<b><u>\$ (1,385,999)</u></b>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[5] Borinquen Court Housing Company, Inc.:**

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2015 and 2014, and the statement of its results of operations for the fiscal year then ended are as follows:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents		\$ 365,975
Investments in partnership	<u>\$ 1,550,116</u>	<u>1,141,547</u>
	<u>\$ 1,550,116</u>	<u>\$ 1,507,522</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities - payable to affiliate:	\$ 570	\$ 750
Capital	<u>1,549,546</u>	<u>1,506,772</u>
	<u>\$ 1,550,116</u>	<u>\$ 1,507,522</u>
	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>Income:</b>		
Interest income	<u>\$ 393</u>	<u>\$ 312</u>
<b>Expenses:</b>		
Administrative expenses	<u>1,119</u>	<u>500</u>
Net loss	<b>(726)</b>	<b>(188)</b>
<b>Capital - beginning of year</b>	<b>1,506,772</b>	<b>1,463,460</b>
Capital contribution during the year	<u>43,500</u>	<u>43,500</u>
<b>Capital - end of year</b>	<u>\$ 1,549,546</u>	<u>\$ 1,506,772</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[6] Euclid Hall HDFC:**

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2015 and 2014 and the statements of its results of operations for the fiscal years then ended are as follows:

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 884,810	\$ 244,691
Tenant security deposits held	34,273	39,055
Rents receivable, net	131,935	111,924
Due from affiliates	73,916	150,743
Other receivable	13,082	40,930
Prepaid expenses	<u>30,438</u>	<u>11,298</u>
Total current assets	1,168,454	598,641
Reserves and escrow	3,837,842	4,517,009
Security deposits	26,330	26,810
Property and equipment	<u>25,105,016</u>	<u>24,942,694</u>
	<u>\$ 30,137,642</u>	<u>\$ 30,085,154</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 238,441	\$ 166,016
Accrued interest payable	238,734	128,221
Tenant security deposits held	34,273	39,055
Rents received in advance	<u>11,497</u>	<u>34,898</u>
Total current liabilities	522,945	368,190
Long-term debt	<u>22,102,652</u>	<u>22,102,652</u>
Total liabilities	22,625,597	22,470,842
Unrestricted net assets	<u>7,512,045</u>	<u>7,614,312</u>
	<u>\$ 30,137,642</u>	<u>\$ 30,085,154</u>

**WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES**

**Notes to Consolidated Financial Statements  
June 30, 2015 and 2014**

**NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)**

**[6] Euclid Hall HDFC: (continued)**

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Income:</b>		
Gross potential rent - tenant	\$ 2,589,945	\$ 2,632,935
Less: vacancy loss	<u>(57,014)</u>	<u>(137,688)</u>
Net residential income	<u>2,532,931</u>	<u>2,495,247</u>
Gross potential rent - commercial	34,848	34,116
Less: Rent concessions	<u>(157)</u>	<u>          </u>
Net Commercial rent	<u>34,691</u>	<u>34,116</u>
Total rental income	2,567,622	2,529,363
Interest and other income	<u>106,733</u>	<u>119,406</u>
Total income	<u>2,674,355</u>	<u>2,648,769</u>
<b>Expenses:</b>		
Salaries	752,928	668,600
Payroll taxes and employment benefits	306,497	274,076
Professional fees	108,562	68,095
Management fees	199,833	198,600
Telephone and internet	4,404	4,289
Administrative expenses	38,658	33,765
Insurance	119,592	114,250
Rent	37,025	36,300
Utilities	386,377	389,230
Supplies	23,556	18,033
Equipment, maintenance and repair	177,819	162,169
Overhead expenses	50,388	50,387
Bad debt expenses	<u>12,351</u>	<u>8,263</u>
Total expenses	<u>2,217,990</u>	<u>2,026,057</u>
Change in net asset before finance, depreciation expenses and other	<u>456,365</u>	<u>622,712</u>
<b>Finance and depreciation expenses:</b>		
Interest and finance charges	124,025	126,839
Depreciation and amortization	<u>434,607</u>	<u>397,380</u>
Total finance and depreciation expenses	<u>558,632</u>	<u>524,219</u>
Change in net assets before other	<b>(102,267)</b>	98,493
In-kind contribution	<u>          </u>	<u>1,000,000</u>
<b>Change in net assets</b>	<b>(102,267)</b>	1,098,493
Net assets - beginning of year	<u>7,614,312</u>	<u>6,515,819</u>
<b>Net assets - end of year</b>	<b><u>\$ 7,512,045</u></b>	<b><u>\$ 7,614,312</u></b>