



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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated 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, 2017 and 2016, 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 Consolidated 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 consolidated 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 auditors' judgments, 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 auditors consider internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated financial statements.

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

Opinion

In our opinion, 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, 2017 and 2016, 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.



EISNERAMPER LLP
New York, New York
February 7, 2018

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

Consolidated Statements of Financial Position

	June 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 9,261,950	\$ 7,504,446
Grants and government contracts receivable, net	2,464,986	2,589,367
Receivable from affiliates - current portion, net	2,278,574	1,850,001
Rents receivable, net	381,593	316,663
Advances receivable from residents, net	82,449	43,685
Tenants' security deposits held	403,321	391,114
Other receivables	112,880	177,946
Prepaid expenses	<u>676,232</u>	<u>422,453</u>
Total current assets	15,661,985	13,295,675
Reserves and escrow accounts	16,768,604	12,017,463
Receivables from affiliates, net	1,216,652	1,234,972
Notes and loan receivable from affiliates	5,996,226	5,996,226
Security deposits	4,330	12,875
Investment in partnerships	5,632,498	5,530,012
Deferred development cost	1,520,882	651,870
Property and equipment, net	101,796,889	61,170,639
Deferred leasing costs, net	<u>107,955</u>	<u>143,819</u>
	<u>\$ 148,706,021</u>	<u>\$ 100,053,551</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,409,532	\$ 2,224,713
Due to residents	1,157,819	1,043,642
Payables to affiliates	62,149	
Tenants' security deposits held	403,321	391,114
Rents received in advance	61,207	56,011
Deferred government contracts	88,478	86,222
Long-term debt - current portion	<u>296,190</u>	<u>306,000</u>
Total current liabilities	4,478,696	4,107,702
Long-term debt	<u>104,593,913</u>	<u>61,340,580</u>
Total liabilities	<u>109,072,609</u>	<u>65,448,282</u>
Commitments and contingencies (see Note R)		
Net assets:		
Unrestricted	35,116,009	32,944,552
Temporarily restricted	<u>4,517,403</u>	<u>1,660,717</u>
Total net assets	<u>39,633,412</u>	<u>34,605,269</u>
	<u>\$ 148,706,021</u>	<u>\$ 100,053,551</u>

See notes to consolidated financial statements.

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

Consolidated Statements of Activities

	Year Ended June 30, 2017			Year Ended June 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions and grants	\$ 968,408	\$ 3,141,853	\$ 4,110,261	\$ 854,716	\$ 178,952	\$ 1,033,668
In-kind contributions				631,095		631,095
Government contracts	9,274,973		9,274,973	9,744,261		9,744,261
Rental income, net of vacancy losses of \$596,421 and \$505,534 in 2017 and 2016, respectively	15,813,665		15,813,665	12,665,030		12,665,030
Management and other fees	907,866		907,866	893,607		893,607
Overhead income	12,046		12,046	12,045		12,045
Development fee income	500,000		500,000	100,000		100,000
Income from partnerships	1,256,153		1,256,153	1,167,469		1,167,469
Interest and other income	476,537		476,537	395,880		395,880
Total public support and revenue before net assets released from restrictions	29,209,648	3,141,853	32,351,501	26,464,103	178,952	26,643,055
Net assets released from restrictions	285,167	(285,167)	0	180,275	(180,275)	0
Total public support and revenue	29,494,815	2,856,686	32,351,501	26,644,378	(1,323)	26,643,055
Expenses:						
Program services:						
Social services and residential care	8,676,051		8,676,051	8,812,782		8,812,782
Housing	13,333,312		13,333,312	12,328,066		12,328,066
Total program services	22,009,363		22,009,363	21,140,848		21,140,848
Supporting services:						
Management and general	2,870,573		2,870,573	2,899,575		2,899,575
Fund-raising	54,424		54,424	60,003		60,003
Total supporting services	2,924,997		2,924,997	2,959,578		2,959,578
Total expenses before Depreciation and amortization	24,934,360		24,934,360	24,100,426		24,100,426
Change in net assets before depreciation and amortization						
Interest-rate-swap agreement	4,560,455	2,856,686	7,417,141	2,543,952	(1,323)	2,542,629
Depreciation and amortization expenses	(2,388,998)		(2,388,998)	(2,743,498)		(2,743,498)
Change in value of interest-rate-swap agreement				(26,906)		(26,906)
Change in net assets	2,171,457	2,856,686	5,028,143	(226,452)	(1,323)	(227,775)
Net assets, beginning of year	32,944,552	1,660,717	34,605,269	33,171,004	1,662,040	34,833,044
Net assets, end of year	\$ 35,116,009	\$ 4,517,403	\$ 39,633,412	\$ 32,944,552	\$ 1,660,717	\$ 34,605,269

See notes to consolidated financial statements.

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

Consolidated Statements of Functional Expenses

Year Ended June 30, 2017

(with summarized financial information for June 30, 2016)

	Program Services			Supporting Services			Total Expenses	
	Social and Supportive Services	Housing	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2017	2016
Salaries and temporary employees	\$ 5,279,480	\$ 5,648,281	\$ 10,927,761	\$ 1,967,379	\$ 38,298	\$ 2,005,677	\$ 12,933,438	\$ 12,457,433
Payroll taxes and employee benefits	<u>1,591,804</u>	<u>1,863,984</u>	<u>3,455,788</u>	<u>583,151</u>	<u>11,433</u>	<u>594,584</u>	<u>4,050,372</u>	<u>3,896,725</u>
Total salaries and related expenses	6,871,284	7,512,265	14,383,549	2,550,530	49,731	2,600,261	16,983,810	16,354,158
Professional fees and contract service payments	267,052	591,963	859,015	83,489		83,489	942,504	837,678
Telephone and telecommunications	67,720	87,070	154,790	50,587	1,000	51,587	206,377	195,744
Administrative expenses	95,566	232,554	328,120	102,141	2,519	104,660	432,780	502,445
Insurance	116,373	410,772	527,145	8,845	164	9,009	536,154	557,180
Lease expenses	77,822	169,472	247,294				247,294	246,478
Real estate taxes		77,422	77,422				77,422	53,204
Interest and finance charges	2,423	1,062,484	1,064,907	21,163		21,163	1,086,070	1,031,734
Food	323,103	483,953	807,056				807,056	829,005
Utilities	273,363	1,069,485	1,342,848				1,342,848	1,386,722
Supplies	129,160	235,794	364,954	51,088	1,010	52,098	417,052	401,614
Equipment, maintenance and repairs	266,144	1,127,580	1,393,724	665		665	1,394,389	1,164,133
Social and recreation expenses	186,041	52,073	238,114				238,114	205,767
Housing project expenses		10,700	10,700	2,065		2,065	12,765	45,489
Bad debt expense		<u>209,725</u>	<u>209,725</u>				<u>209,725</u>	<u>289,075</u>
Total expenses before depreciation and amortization	8,676,051	13,333,312	22,009,363	2,870,573	54,424	2,924,997	24,934,360	24,100,426
Depreciation and amortization		<u>2,370,798</u>	<u>2,370,798</u>	<u>18,200</u>		<u>18,200</u>	<u>2,388,998</u>	<u>2,743,498</u>
	<u>\$ 8,676,051</u>	<u>\$ 15,704,110</u>	<u>\$ 24,380,161</u>	<u>\$ 2,888,773</u>	<u>\$ 54,424</u>	<u>\$ 2,943,197</u>	<u>\$ 27,323,358</u>	<u>\$ 26,843,924</u>

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, 2016**

	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	\$ 5,391,446	\$ 5,128,623	\$ 10,520,069	\$ 1,895,601	\$ 41,763	\$ 1,937,364	\$ 12,457,433
Payroll taxes and employee benefits	<u>1,582,722</u>	<u>1,724,687</u>	<u>3,307,409</u>	<u>577,067</u>	<u>12,249</u>	<u>589,316</u>	<u>3,896,725</u>
Total salaries and related expenses	6,974,168	6,853,310	13,827,478	2,472,668	54,012	2,526,680	16,354,158
Professional fees and contract service payments	271,502	439,850	711,352	126,326		126,326	837,678
Telephone and telecommunications	74,660	75,334	149,994	44,744	1,006	45,750	195,744
Administrative expenses	106,457	228,034	334,491	164,638	3,316	167,954	502,445
Insurance	118,677	413,061	531,738	24,883	559	25,442	557,180
Lease expenses	77,822	168,656	246,478				246,478
Real estate taxes		53,204	53,204				53,204
Interest and finance charges	1,546	1,023,165	1,024,711	7,023		7,023	1,031,734
Food	322,680	506,325	829,005				829,005
Utilities	289,430	1,097,292	1,386,722				1,386,722
Supplies	142,331	209,132	351,463	49,048	1,103	50,151	401,614
Equipment, maintenance and repairs	276,196	877,685	1,153,881	10,245	7	10,252	1,164,133
Social and recreation expenses	157,313	48,454	205,767				205,767
Housing project expenses		45,489	45,489				45,489
Bad debt expense		<u>289,075</u>	<u>289,075</u>				<u>289,075</u>
Total expenses before depreciation and amortization	8,812,782	12,328,066	21,140,848	2,899,575	60,003	2,959,578	24,100,426
Depreciation and amortization		<u>2,743,498</u>	<u>2,743,498</u>				<u>2,743,498</u>
	<u>\$ 8,812,782</u>	<u>\$ 15,071,564</u>	<u>\$ 23,884,346</u>	<u>\$ 2,899,575</u>	<u>\$ 60,003</u>	<u>\$ 2,959,578</u>	<u>\$ 26,843,924</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>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,028,143	\$ (227,775)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contributions		(631,095)
Depreciation and amortization	2,388,998	2,743,498
Amortization on loan issuance cost	7,514	3,757
Realized loss on interest-rate-swap agreement		26,906
Bad debts expense	209,725	289,075
Changes in:		
Grants and government contracts receivable, net	124,381	(1,120,054)
Receivable from affiliates, net	(410,253)	1,802,482
Rents receivable	(271,716)	(183,228)
Advances receivable from residents	(41,703)	1,609
Other receivables	65,066	80,548
Prepaid expenses	(253,779)	(45,782)
Accounts payable and accrued expenses	184,819	348,003
Due to residents	114,177	(115,564)
Payable to affiliates	62,149	
Rents received in advance	5,196	(13,643)
Deferred government contracts	2,256	6,648
Deferred development cost	(869,012)	(651,870)
Net cash provided by operating activities	<u>6,345,961</u>	<u>2,313,515</u>
Cash flows from investing activities:		
Purchases of property and equipment	(42,979,384)	(597,026)
Investments in partnership and housing company	(102,486)	(47,336)
Changes in reserves and escrow accounts	(4,751,141)	(3,648,665)
Security deposits paid	8,545	21,070
Payments on interest-rate-swap agreement		(1,424,700)
Net cash used in investing activities	<u>(47,824,466)</u>	<u>(5,696,657)</u>
Cash flows from financing activities:		
Proceeds from issuance of notes payable	15,000	18,325,000
Proceeds from issuance of mortgage payable	43,335,192	
Principal payments on mortgage loan payable	(281,000)	(3,336,740)
Deferred leasing cost, net		(206,626)
Proceeds from line of credit	574,007	
Payments on line of credit	(407,190)	
Principal payments on bonds payable		(11,125,000)
Net cash provided by financing activities	<u>43,236,009</u>	<u>3,656,634</u>
Net change in cash, cash equivalents and restricted cash	1,757,504	273,492
Cash, cash equivalents and restricted cash - beginning of year	<u>7,504,446</u>	<u>7,230,954</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 9,261,950</u>	<u>\$ 7,504,446</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 793,103	\$ 751,024

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, 2017 and 2016

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 and providing supportive services for low-income, elderly, disabled, and homeless persons. 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, ("U.S. GAAP") 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 that owns the beneficial interest in, and operates, the property located at 230 West 103rd Street, New York, New York. 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.

West Side Special Housing Development Fund Corporation ("West Side Special") is a not-for-profit housing development corporation, exempt under Section 501(c)(2), whose board of directors consists of common members of WSFSSH's boards of directors. 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 by 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 99% limited-partnership interests in One Forty Nine Housing Company ("149 Housing") and in Two Hundred Six Associates L.P.. The 99% limited-partnership interest in One Forty Nine Housing Company, previously owned by National Equity Fund 1987 Partnership ("NEF I"), was transferred to West Side Special at no cost under an agreement dated September 20, 2003. The general partner of One Forty Nine Housing Company is Federation Housing Support Services, Inc. ("FHSS"), an affiliated entity. The 99% limited-partnership interest in Two Hundred Six Associates L.P., as further described in Note C[3], previously owned by National Equity Fund 1994 Limited Partnership ("NEF II"), was transferred to West Side Special at no cost under an agreement dated December 31, 2015. The general partner of Two Hundred Six Associates L.P. ("206 Associates LP") is Ben Michalski Housing Development Fund Company, Inc. ("Ben Michalski").

The Westbourne Housing Development Fund Company, Inc. ("Westbourne") 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. Westbourne owns and operates property located at 930 West End Avenue, New York, 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, exempt under Section 501(c)(3), whose board of directors is appointed by the board of directors of WSFSSH. East 138 HDFC provides social and other supportive services to Borinquen Court Associates LP, ("Borinquen LP"), that owns and operates a property for elderly and handicapped persons of low income located at 285 East 138th Street, Bronx, New York, consisting of one building containing 145 residential units. Borinquen LP is an affiliate of WSFSSH.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

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 0.01% interest in the partnership of Borinquen LP. Although WSFSSH has the ability to exercise influence over Borinquen LP through BCHC, as general partner, Borinquen LP is not consolidated since the limited partners of Borinquen LP have substantive participating rights.

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, FHSS, 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.

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. WSFSSH provides building management and social services to Euclid Hall HDFC.

WSA Housing Development Fund, 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.

206 Associates LP is a limited partnership that was formed under the laws of the state of New York on June 9, 1995 to acquire, construct and/or rehabilitate low-income housing that is decent, safe and sanitary. 206 Associates LP owns and operates one building containing 18 residential units located at 206 West 84th Street, New York, New York. On December 31, 2015, the limited partner, NEF II, sold its 99% partnership interest to West Side Special. WSFSSH provides building management and social services to 206 Associates LP. The 1% general partner, Ben Michalski, is a not-for-profit housing development corporation, whose board of directors is appointed by the board of directors of WSFSSH.

Brandon Housing Development Fund Company, Inc. ("Three Arts Club"), whose name has been officially changed to Three Arts Club Housing Development Fund Company Inc., is a not-for-profit housing development corporation, which has applied for tax exemption under Section 501(c)(3), and whose single member is WSFSSH. On May 9, 2017, Three Arts Club purchased the property located at 340 West 85th Street from an unrelated third party for approximately \$42 million. Three Arts Club plans to initially utilize the location for temporary use (two to three years) by WSFSSH's Valley Lodge Transitional Shelter while Valley Lodge's existing facility is demolished and rebuilt a new on West 108th Street as part of a larger mixed-used development. The relocation period is expected to commence in April 2018 and end December 2020. Three Arts Club plans to rehabilitate the location for use as permanent senior supportive housing with onsite social services after the relocation period has ended. WSFSSH provides building management and social services to Three Arts Club HDFC.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

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

[1] Organization: (continued)

Mill Brook Housing Development Fund Company, Inc. ("MBHDFC"), is a not-for-profit housing development corporation, which has applied for tax exemption under Section 501(c)(3), and whose single member is WSFSSH. On June 29, 2017, MBHDFC entered into a 99-year lease of land located at 570 East 137th Street, Bronx, New York 10454 with the New York City Housing Authority ("NYCHA"). MBHDFC is the nominee owner of the land lease and of the 159-unit rental building for seniors to be constructed upon it. Mill Brook Terrace, L.P. is a partnership which was formed on March 13, 2017, and which is the beneficial owner of the land lease and the building constructed upon it. Mill Brook Housing Company, Inc. ("MBHC") is a for-profit housing company formed in the State of New York on March 13, 2017. WSFSSH owns 100% of the MBHC stock. MBHC is a general partner with a 0.01% interest in Mill Brook Terrace, L.P. WSFSSH provides building management and social services to Mill Brook Terrace, L.P. MBHDC had no financial actives that were consolidated during the year.

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 in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Organization's 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] Cash, cash equivalents and restricted cash:

For financial-reporting purposes, the Organization considers all highly liquid investments, purchased with the original maturity of three months or less to be cash equivalents. Cash also includes amounts, which are held by the Organization as custodian for its tenants, which is considered restricted cash. Restricted cash reported in the accompanying consolidated statements of financial position at June 30, 2017 and 2016 was \$1,157,819 and \$1,043,642, respectively, with a corresponding liability reported in due to residents.

[5] 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, 2017 and 2016, 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.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

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

[6] Deferred leasing costs:

Costs incurred in connection with a commercial lease is capitalized and amortized using the straight-line method over the life of the lease. (See Note L.)

[7] Deferred debt-issuance costs:

Costs incurred in connection with debt financing are deferred and amortized over the term of the related debt using the straight-line method, which approximates the effective-interest method of amortization. These costs are reported in the consolidated statements of financial position as a direct reduction of the related debt. The amortization of deferred bond-issuance costs is reported as interest expense in the consolidated statements of activities. Interest expense relating to the amortization of deferred bond-issuance costs was approximately \$7,514 and \$3,757 during fiscal-years 2017 and 2016, respectively. (See Notes A[14] and Note M.)

[8] 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, 2017 and 2016, this accrued vacation was \$125,745 and \$141,018, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

[9] Net assets:

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

(i) *Unrestricted:*

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

(ii) *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.

[10] Contributions and government grants contracts:

Contributions to support the Organization's operations are recognized as unrestricted. Contributions that support future operations or donor-restricted purposes are reflected as temporarily restricted contributions in the 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.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

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

[11] 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.

[12] 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.

[13] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated by the Organization's management among the programs and supporting services using appropriate methodologies.

[14] Income taxes:

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

[15] Recent accounting pronouncements:

In April 2015, the FASB issued Accounting Standards Update ("ASU") 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which required that debt-issuance costs related to a recognized debt liability be presented in an entity's statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with the current treatment of debt discounts. ASU 2015-03 was effective for annual reporting periods issued for fiscal years beginning after December 15, 2015. Accordingly, the Organization was required to adopt ASU 2015-03 during fiscal-year 2017, which under U.S. GAAP was a change in accounting principle requiring retroactive application in the consolidated financial statements. Although the Organization's adoption of ASU 2015-03 had no effect of the Organization's net assets or its changes in net assets for fiscal-years 2017 and 2016, certain reclassifications were required. Accordingly, the Organization reclassified its debt-issuance costs for fiscal-years 2017 and 2016 by \$195,354 and \$202,868, respectively, thereby correspondingly reducing its balance of long-term debt in the accompanying consolidated statements of financial position. The Organization also reclassified as interest expense its amortization of debt-issuance costs for fiscal-years 2017 and 2016 of \$7,541 and \$3,757, respectively.

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classes, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) presentation of operating cash flows. The new reporting standard will be effective for fiscal years beginning after December 15, 2017. Management is currently evaluating the effect that this new guidance will have on the Organization's consolidated financial statements and related disclosures.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

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

[16] Subsequent events:

The Organization considered 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 occurred after June 30, 2017 through February 7, 2018, the date on which the financial statements were available to be issued.

[17] Reclassification:

Certain information in the prior fiscal-year's consolidated financial statements has been reclassified to conform to the current fiscal-year's presentation.

NOTE B - GRANTS AND GOVERNMENT CONTRACTS RECEIVABLE

At each fiscal year-end, amounts due within one year 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:

	June 30,	
	<u>2017</u>	<u>2016</u>
Federal	\$ 296,262	\$ 298,523
New York State	77,732	56,508
New York City	<u>2,090,992</u>	<u>2,234,336</u>
	<u>\$ 2,464,986</u>	<u>\$ 2,589,367</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 of their respective financial statements under U.S. GAAP are not present or would have a de-minimis impact on the Organization's consolidated financial statements:

- K & L Housing Development Fund Company, Inc.
- Frederic Fleming Housing Development Fund Corporation
- Mill Brook Housing Development Fund Company, Inc.

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:

- PSS/WSF Housing Development Fund Company, Inc., general partner for:
PSS/WSF Housing Company, LP

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE C - RELATED-PARTY TRANSACTIONS (CONTINUED)

[1] Property management: (continued)

- Federation Housing Support Services, Inc., general partner for:
Manhattan West Associates, LP
- One Hundred Forty Housing Company, Inc., general partner for:
One Hundred Forty Associates, LP
- Claremont Park Housing Company, Inc., general partner for:
Claremont Park Associates, LP
- West Eighties Housing Company, Inc., general partner for:
West Eighties Associates, LP
- Tres Puentes Housing Company, Inc., general partner for:
Tres Puentes, LP
- Mill Brook Housing Company, Inc., general partner for:
Mill Book Terrace L.P.

Management and social-service and consulting fees for each of the fiscal-years 2017 and 2016 were \$907,866 and \$893,607, 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 the outstanding balance remaining to be collected was \$570,000 as of June 30, 2016, and was included in the amount receivable from Claremont Park Associates, LP (see Note D). There was no receivable as of June 30, 2017.

In June 2012, the Organization entered into a development fee agreement with Borinquen LP with respect to the rehabilitation of a 145-unit residential property located at 285 East 138th Street, Bronx, New York. 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 the outstanding balance to be collected is \$200,000 at both June 30, 2017 and 2016, respectively, and is included in the amount receivable from Borinquen Court Associates, LP (see Note D).

In May 2016, the Organization entered into a development fee agreement with Tres Puentes, LP with respect to the construction of a 175-unit development containing two new buildings located at 275 East 138th Street, Bronx, New York and 2550 3rd Avenue, Bronx, New York. 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

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE C - RELATED-PARTY TRANSACTIONS (CONTINUED)

[2] Development fee agreement: (continued)

and supervision of the architect and engineer for the project, and assisting the project to be built in accordance with an approved construction schedule. The agreement called for a total development fee of \$14,626,465, of which \$500,000 and \$100,000 was earned and received during fiscal years June 30, 2017 and 2016, respectively.

In June 2017, the Organization entered into a development fee agreement with Mill Brook Terrace, L.P. with respect to the construction of a 159-unit residential building located at 570 East 137th Street, Bronx, New York 10454. 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 built in accordance with an approved construction schedule. The agreement called for a total development fee of \$9,902,029, none of which was earned as of June 30, 2017.

[3] Deferred development costs:

The Organization prepays the development cost for new projects at development stage and receive reimbursements once the new projects become operational or fully funded by permanent financing sources. As of June 30, 2017 and 2016, respectively, the total deferred development costs are \$1,520,882 and \$651,870.

NOTE D - AFFILIATE RECEIVABLES

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

Receivables	June 30,	
	2017	2016
Borinquen Court Associates, LP	\$ 769,357	\$ 598,247
Mill Brook Terrace, LP	718,533	
One Hundred Forty Associates, LP	650,152	692,540
Tres Puentes LP	522,558	263,103
Claremont Park Associates, LP	399,266	929,988
PSS/WSF Housing Company, LP	307,489	271,253
K & L HDFC, Inc.	82,905	80,767
West Eighties Associates, LP	29,536	35,164
Manhattan West Associates, LP	15,430	213,911
	<u>3,495,226</u>	<u>3,084,973</u>
Less: current portion	<u>2,278,574</u>	<u>1,850,001</u>
	<u>\$ 1,216,652</u>	<u>\$ 1,234,972</u>

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE E - NOTES AND LOAN RECEIVABLE FROM AFFILIATES

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

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
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>

- (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 Housing Urban Development ("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, 2015 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, 2017 and 2016, 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 \$569,357 and \$548,955 as of June 30, 2017 and 2016, respectively. Interest payments received as of June 30, 2017 were \$122,731.
- (d) Purchase money 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 purchase money note receivable is \$647,295 and \$698,017 as of June 30, 2017 and 2016, respectively. The loan receivable, bearing interest of 4.63% per annum, is due and payable on August 28, 2043. Interest payments received as of June 30, 2017 and 2016 were \$142,523 and \$12,001, respectively.

NOTE F - RENTS RECEIVABLE

At June 30, 2017 and 2016, 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, amounts of approximately \$467,000 and \$378,000 have been reserved for an allowance for uncollectible accounts for fiscal-years 2017 and 2016, respectively.

NOTE G - ADVANCES RECEIVABLE FROM RESIDENTS

At June 30, 2017 and 2016, 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, amounts of approximately \$19,000 and \$17,000 have been reserved for an allowance for uncollectible accounts for doubtful collections in fiscal-years 2017 and 2016, respectively.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE H - INVESTMENTS 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. As of June 30, 2017 and 2016 of the investment in this partnership was reported at \$4,081,263 and \$3,978,706, respectively. In fiscal-years 2017 and 2016, WSFSSH recognized \$1,256,153 and \$1,167,469, respectively, of partnership income, net of an amortization charge for the excess of cost over the underlying equity. WSFSSH received a distribution of \$1,062,054 and \$1,219,832 from the partnership in fiscal-years 2017 and 2016, 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. At June 30, 2017 and 2016, the investment in this partnership was reported at \$1,551,235 and \$1,551,306, respectively.

NOTE I - FAIR-VALUE MEASUREMENTS

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value designations. 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 identical investments at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets; or (ii) quoted prices for identical 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 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.

The purchase money notes 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 purchase money notes receivable at each fiscal year-end, in accordance with the ASC Topic 820 valuation levels:

	<u>June 30, 2017</u>	
	<u>Level 3</u>	<u>Total</u>
Purchase money note receivable - Borinquen Court Associates LP	\$ 4,442,105	\$ 4,442,105
Purchase money note receivable - One Hundred Forty Associates, LP	<u>1,222,000</u>	<u>1,222,000</u>
	<u>\$ 5,664,105</u>	<u>\$ 5,664,105</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

NOTE I - FAIR-VALUE MEASUREMENTS (CONTINUED)

	<u>June 30, 2016</u>	
	<u>Level 3</u>	<u>Total</u>
Purchase money note receivable - Borinquen Court Project	\$ 4,442,105	\$ 4,442,105
Purchase money note receivable - Fania Gersham Project	<u>1,222,000</u>	<u>1,222,000</u>
	<u>\$ 5,664,105</u>	<u>\$ 5,664,105</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 2017 and 2016.

The following table represents the Organization's Level 3 Purchase money note receivables, the valuation techniques used to measure the fair value of those receivables as of June 30, 2017 and 2016, and the significant unobservable inputs and the ranges of values for those inputs.

<u>Receivable</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range of Inputs</u>
Purchase money note receivable Borinquen Court Associates, LP	<u>\$ 4,442,105</u>	Discounted cash flows	None	N/A
Purchase money note receivable One Hundred Forty Associates, LP	<u>\$ 1,222,000</u>	Discounted cash flows	None	N/A

NOTE J - RESERVES AND ESCROW ACCOUNTS

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

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

NOTE J - RESERVES AND ESCROW ACCOUNTS (CONTINUED)

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

	June 30,	
	2017	2016
WSFSSH - Reserve for Fania Gersham Apartments	\$ 92,844	\$ 92,799
459 W. 147th Street - Water and Sewer Escrow	7,568	5,735
459 W. 147th Street - Replacement Reserve	24,480	21,478
Revella - Replacement Reserve	182,289	164,174
Revella - Social Service Reserve	106,906	106,813
Marseilles - Water & Sewer		11,683
Marseilles - Insurance Deposit	63,931	48,446
Marseilles - Real Estate Tax Escrow	55,114	11,050
Marseilles - Replacement Reserve	182,813	146,250
Marseilles - Capital Reserve	2,322,919	2,500,000
Marseilles - Other Reserve	77,200	
One Forty Nine Housing - Replacement Reserve	279,018	255,396
One Forty Nine Housing - Owner Reserve	116,690	80,625
The Westbourne - Operating Reserve	956,872	946,875
The Westbourne - Replacement Reserve	235,393	194,639
Euclid - Operating Reserve	1,720,671	1,702,842
Euclid - Replacement Reserve	2,592,465	2,497,217
WSFSSH - Development Fund Reserve	1,392,980	1,533,131
WSFSSH - Operating Reserve for Claremont	1,140,330	760,096
WSFSSH - Social Service Reserve for Claremont	570,156	380,040
WSFSSH- Capital Grant Escrow	3,000,000	
One Twenties Clusters - Replacement Reserve	351,876	336,916
One Twenties Clusters - Social Service Reserve	65,255	65,223
206 Associates LP - Replacement Reserve	9,074	9,068
206 Associates LP- Operating Reserve	147,075	146,967
Three Arts Club- fund deposits (See Note M (c))	<u>1,074,685</u>	
	<u>\$16,768,604</u>	<u>\$12,017,463</u>

NOTE K - PROPERTY AND EQUIPMENT

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

	June 30,	
	2017	2016
Land	\$ 27,649,520	\$ 19,249,520
Buildings and leasehold improvements	97,075,647	62,674,905
Equipment	2,716,648	2,548,350
Furniture	<u>1,172,412</u>	<u>1,162,068</u>
	128,614,227	85,634,843
Less: accumulated depreciation	<u>(26,817,338)</u>	<u>(24,464,204)</u>
	<u>\$101,796,889</u>	<u>\$ 61,170,639</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

NOTE L - DEFERRED LEASING COSTS

At each fiscal year-end, capitalized leasing costs related to Marseilles consisted of the following:

	June 30,	
	<u>2017</u>	<u>2016</u>
Deferred leasing costs	\$ 360,459	\$ 360,459
Less accumulated amortization	<u>(252,504)</u>	<u>(216,640)</u>
	<u>\$ 107,955</u>	<u>\$ 143,819</u>

Amortization expense was \$35,864 and \$42,351 for fiscal-years 2017 and 2016, respectively.

NOTE M - LONG-TERM DEBT

	June 30,	
	<u>2017</u>	<u>2016</u>
Mortgage loan payable, bearing interest at 1%, secured by a general assignment of leases and rents to Housing Preservation and Development ("HPD") on the building located at 300 Amsterdam Avenue, New York City due in December 2021 (a).	\$ 3,107,778	\$ 3,107,778
Mortgage loan payable, bearing interest at 1%, secured by a mortgage encumbering the property located at 109 West 129th Street, New York City, due in April 2032 (a).	1,405,992	1,405,992
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).	1,712,585	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.	4,665,028	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.	2,441,330	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.	22,102,652	22,102,652
Mortgage loan payable, bearing interest at 2.75% per annum, secured by mortgages encumbering the property and improvements located at 340 West 85th Street, New York City, due in May 2021(c).	43,335,192	
Mortgage loan payable, bearing interest at 3.96% per annum, secured by a mortgage encumbering the property and improvements located at 230 West 103rd Street, New York City, due in March 2051(b).	<u>18,014,487</u>	<u>18,284,478</u>
Total mortgage loans payable to HPD	<u>\$ 96,785,044</u>	<u>\$ 53,719,843</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

NOTE M - LONG-TERM DEBT (CONTINUED)

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Balance brought forward	\$ 96,785,044	\$ 53,719,843
Loan payable, unsecured, non-interest bearing, to Deutsche Bank Americas Foundation, \$25,000 and \$40,000 due May 15, 2018 and November 30, 2019, respectively.	65,000	50,000
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 interest of 6.27%, to be amortized over 25 years; 2) \$259,034 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, 2016, the loans 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.	731,641	742,650
Mortgage loan payable to New York State Homeless Housing and Assistance Corporation ("NYS-HHAC"), bearing interest of 1%, secured by a mortgage encumbering the property and improvements located at 206 West 84th street, New York due August 8, 2025.	1,150,000	1,150,000
Line of credit payable to Capital One Bank bearing interest of 1%, expiring April 1, 2019. (See Note Q[3].)	166,817	
	105,085,457	61,849,448
Less: current portion	296,190	306,000
	104,789,267	61,543,448
Unamortized deferred debt-issuance cost	(195,354)	(202,868)
	\$ 104,593,913	\$ 61,340,580

- (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.
- (b) On February 29, 2016, the mortgage loan payable to Citibank, secured by a lien on the property located at 230 West 103rd Street (the "Property"), New York City, HDC bonds and related interest-rate swap obligations were fully paid off through refinancing with an HPD mortgage loan secured by a lien on the Property, bearing interest at 3.96% per annum, in the amount of \$18,325,000.
- (c) In February 2017, Three Arts Club entered into an agreement to purchase property located at 340 West 85th Street from an unrelated third party for approximately \$42 million. In conjunction with the purchase and renovation to the property, Three Arts Club entered into two mortgage agreements with HPD aggregating \$43,335,192. The excess mortgage proceeds over the purchase price are restricted by HPD for renovations and improvements to the property. At June 30, 2017, approximately \$1,074,000 of funds remain restricted by HPD.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE M - LONG-TERM DEBT (CONTINUED)

The required principal payments by the Organization on the above obligations, in each of the five fiscal years subsequent to June 30, 2017, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 296,190
2019	322,177
2020	293,616
2021	305,528
2022	317,932
Thereafter	103,550,014

NOTE N - LINE OF CREDIT

The Organization obtained two lines of credit with JPMorgan Chase for ongoing operational expenses, which expired on April 26, 2017 and May 22, 2017 for \$2,000,000 and \$1,500,000. During fiscal year 2017, the Organization replaced both lines of credit with a new line of credit for \$3,500,000 bearing an interest rate of 5.507 percentage points over the LIBOR Rate. There was no outstanding balance at June 30, 2017 and 2016, respectively, under the line of credit.

The Organization also obtained a \$500,000 line of credit with Capital One National Association for development expenses related to rebuilding the Valley Lodge Transitional Shelter. The interest on the line of credit is at 1% per annum, expiring on April 1, 2019. The outstanding balance is \$166,817 at June 30, 2017.

NOTE O - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, net assets of \$4,517,403 and \$1,660,717 were temporarily restricted for housing and construction, which includes \$3,000,000 contributions from the Local Initiative Support Corporation (LISC). The LISC contribution was restricted for construction cost related to the community facility and commercial space located in Bronx, New York. During fiscal-years 2017 and 2016, net assets in the amounts of \$285,167 and \$180,275 were released in satisfaction of these restrictions, respectively.

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 Code for the benefit of all eligible employees. Plan expenses for fiscal-years 2017 and 2016 were approximately \$265,000 and \$253,000 respectively.

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

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE R - COMMITMENTS AND CONTINGENCIES

[1] Governmental audits:

Government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2017 and 2016, 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 various contacts and agreements in the normal course of business operations.

[3] Guarantees:

In conjunction with developing and managing housing facilities for the low-income, elderly, disabled and homeless persons, 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 through the date of the consolidated financial statements, 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, 2017 and 2016, 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, 2017 and 2016**

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

[1] Marseilles LLC:

The statements of financial position for this affiliate as of June 30, 2017 and 2016, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 606,016	\$ 807,628
Tenant security deposits held	172,620	167,090
Receivable from affiliates	9,037,055	5,371,597
Rents receivable, net	72,982	19,963
Other receivables	3,570	
Prepaid expenses	<u>52,495</u>	<u>55,600</u>
Total current assets	9,944,738	6,421,878
Reserves and escrow accounts	2,701,977	2,717,430
Property and equipment	17,037,004	17,414,629
Deferred leasing costs, net	<u>107,957</u>	<u>143,819</u>
	<u>\$ 29,791,675</u>	<u>\$ 26,697,756</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 92,309	\$ 181,644
Due to residents	841	905
Tenants' security deposits held	172,620	167,090
Rents received in advance	4,917	2,418
Long-term debt - current portion	<u>259,699</u>	<u>269,983</u>
Total current liabilities	530,386	622,040
Long term debt	<u>17,559,435</u>	17,811,626
Total liabilities	18,089,821	18,433,666
Unrestricted net assets	<u>11,701,854</u>	<u>8,264,090</u>
	<u>\$ 29,791,675</u>	<u>\$ 26,697,756</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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

[1] Marseilles LLC: (continued)

	Year Ended June 30,	
	2017	2016
Income:		
Gross potential rent - tenant	\$ 4,437,924	\$ 2,611,548
Section 8 retroactive rental subsidy	1,455,759	
Less: vacancy loss	<u>(31,575)</u>	<u>(25,493)</u>
Net residential rent	<u>5,862,108</u>	<u>2,586,055</u>
Gross potential rent - commercial	769,589	731,336
Less: rent concessions	<u>(239,276)</u>	<u> </u>
Net commercial rent	<u>530,313</u>	<u>731,336</u>
Total rental income	6,392,421	3,317,391
Interest and other income	<u>4,786</u>	<u>105,828</u>
Total income	<u>6,397,207</u>	<u>3,423,219</u>
Expenses:		
Salaries	366,450	385,409
Payroll taxes and employment benefits	134,651	136,501
Professional fees	24,342	76,777
Management fees	309,825	154,363
Administrative expenses	20,803	20,271
Real estate taxes	72,568	58,058
Insurance	84,336	84,086
Utilities	200,977	206,760
Supplies	11,525	15,780
Equipment, maintenance and repair	187,223	184,599
Social and recreation expenses	10,919	5,439
Bad debts expense	<u>105,014</u>	<u>241,852</u>
Total expenses before finance and depreciation	<u>1,528,633</u>	<u>1,569,895</u>
Change in net assets before finance and depreciation expenses	<u>4,868,574</u>	<u>1,853,324</u>
Finance and depreciation expenses:		
Interest and finance charges	728,509	870,301
Depreciation and amortization	702,301	1,077,373
Change in value of interest-rate swap agreement	<u> </u>	<u>26,906</u>
Total finance and depreciation expenses	<u>1,430,810</u>	<u>1,974,580</u>
Change in net assets	3,437,764	(121,256)
Net assets - beginning of year	<u>8,264,090</u>	<u>8,385,346</u>
Net assets - end of year	<u>\$ 11,701,854</u>	<u>\$ 8,264,090</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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 as of June 30, 2017 and 2016, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 56,100	\$ 45,115
Tenant security deposits held	20,937	21,014
Rents receivable, net	47,952	54,751
Other receivables	3,024	5,353
Prepaid expenses	<u>14,561</u>	<u>16,522</u>
Total current assets	142,574	142,755
Reserves and escrow accounts	1,192,265	1,141,514
Property and equipment	<u>6,406,075</u>	<u>6,560,465</u>
	<u>\$ 7,740,914</u>	<u>\$ 7,844,734</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 50,101	\$ 29,020
Tenant security deposits held	20,937	21,014
Payable to affiliate	236,330	353,954
Rents received in advance	<u>7,087</u>	<u>8,736</u>
Total current liabilities	314,455	412,724
Long-term debt	<u>4,665,028</u>	4,665,028
Total liabilities	4,979,483	5,077,752
Unrestricted net assets	<u>2,761,431</u>	<u>2,766,982</u>
	<u>\$ 7,740,914</u>	<u>\$ 7,844,734</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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

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

	Year Ended June 30,	
	2017	2016
Income:		
Gross potential rent - tenant	\$ 1,093,152	\$ 1,089,206
Less: vacancy loss	<u>(31,340)</u>	<u>(2,403)</u>
Net residential rent	1,061,812	1,086,803
Rent - commercial	<u>195,801</u>	<u>198,968</u>
Total rental income	1,257,613	1,285,771
Interest and other income	<u>14,645</u>	<u>12,156</u>
Total income	<u>1,272,258</u>	<u>1,297,927</u>
Expenses:		
Salaries	408,024	404,665
Payroll taxes and employment benefits	121,893	124,387
Professional fees	45,995	33,837
Management fees	100,418	101,744
Administrative expenses	48,188	47,707
Insurance	54,428	55,263
Utilities	122,173	128,250
Supplies	21,448	18,213
Equipment, maintenance and repair	110,230	97,878
Social and recreation expenses	29,704	26,506
Real estate taxes	4,854	
Bad debts expenses	<u>9,773</u>	<u>22,161</u>
Total expenses	<u>1,077,128</u>	<u>1,060,611</u>
Change in net income before finance and depreciation expenses	<u>195,130</u>	<u>237,316</u>
Finance and depreciation expenses:		
Interest and finance charges	3,092	2,310
Depreciation and amortization	<u>197,589</u>	<u>195,272</u>
Total finance and depreciation expenses	<u>200,681</u>	<u>197,582</u>
Change in net assets	(5,551)	39,734
Net assets - beginning of year	<u>2,766,982</u>	<u>2,727,248</u>
Net assets - end of year	<u>\$ 2,761,431</u>	<u>\$ 2,766,982</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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 as of June 30, 2017 and 2016, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 68,774	\$ 69,648
Government contract receivables	86,414	20,934
Prepaid and other receivables	<u>438</u>	
Total current assets	<u>\$ 155,626</u>	<u>\$ 90,582</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 152	\$ 2,402
Other payables	218	
Payable to affiliate	<u>141,732</u>	<u>75,993</u>
Total current liabilities	142,102	78,395
Unrestricted net assets	<u>13,524</u>	<u>12,187</u>
	<u>\$ 155,626</u>	<u>\$ 90,582</u>
	<u>Year Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Revenue:		
Contributions	\$ 8,000	\$ 8,000
Grant income	<u>106,488</u>	<u>99,667</u>
Total revenue	<u>114,488</u>	<u>107,667</u>
Expenses:		
Salaries	79,946	75,473
Payroll taxes and employment benefits	23,867	22,135
Professional fees	4,106	3,689
Administrative expenses	2,883	1,171
Insurance	2,089	3,354
Supplies	<u>260</u>	<u>615</u>
Total expenses	<u>113,151</u>	<u>106,437</u>
Change in net income before finance expenses	<u>1,337</u>	<u>1,230</u>
Finance expenses:		
Interest and finance charges	<u>0</u>	<u>256</u>
Increase in net assets - unrestricted	1,337	974
Net assets - beginning of year	<u>12,187</u>	<u>11,213</u>
Net assets - end of year	<u>\$ 13,524</u>	<u>\$ 12,187</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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 of June 30, 2017 and 2016, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,840	\$ 30,895
Tenant security deposits held	10,380	9,909
Rents receivable, net	1,603	979
Prepaid expenses and other receivable	<u>3,712</u>	<u>4,491</u>
Total current assets	42,535	46,274
Reserves and escrow accounts	395,708	336,021
Property and equipment	<u>573,459</u>	<u>617,411</u>
	<u>\$ 1,011,702</u>	<u>\$ 999,706</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 13,859	\$ 21,372
Tenant security deposits held	10,380	9,726
Payable to affiliate	67,516	72,621
Rents received in advance	<u>1,747</u>	<u>5,070</u>
Total current liabilities	93,502	108,789
Long-term debt	<u>2,441,330</u>	<u>2,441,330</u>
Total liabilities	2,534,832	2,550,119
Partner's deficit	<u>(1,523,130)</u>	<u>(1,550,413)</u>
	<u>\$ 1,011,702</u>	<u>\$ 999,706</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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>2017</u>	<u>2016</u>
Income:		
Gross potential rent - tenant	\$ 791,101	\$ 774,457
Less: vacancy loss	<u>(18,171)</u>	<u>(20,440)</u>
Total rental income	772,930	754,017
Interest and other income	<u>5,766</u>	<u>5,279</u>
Total income	<u>778,696</u>	<u>759,296</u>
Expenses:		
Salaries	271,549	275,604
Payroll taxes and employment benefits	94,539	92,648
Professional fees	30,095	12,716
Management fees	74,732	74,861
Administrative expenses	11,261	10,979
Insurance	28,114	27,988
Utilities	80,399	83,418
Supplies	6,189	10,116
Telephone and internet	10,241	9,590
Equipment, maintenance and repair	61,490	71,748
Overhead expenses	12,588	12,588
Food	21,372	21,272
Bad debts expense	1,946	1,409
Social and recreation expenses	<u>2,946</u>	<u>3,714</u>
Total expenses	<u>707,461</u>	<u>708,651</u>
Net income before depreciation expense	<u>71,235</u>	<u>50,645</u>
Depreciation expense	<u>43,952</u>	<u>145,402</u>
Net income (loss)	27,283	(94,757)
Net deficit - beginning of year	<u>(1,550,413)</u>	<u>(1,455,656)</u>
Net deficit - end of year	<u>\$ (1,523,130)</u>	<u>\$ (1,550,413)</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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 as of June 30, 2017 and 2016, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2017	2016
ASSETS		
Investments in partnership	\$ 1,551,234	\$ 1,551,306
Prepaid and other	<u>127</u>	<u>110</u>
	<u>\$ 1,551,361</u>	<u>\$ 1,551,416</u>
 LIABILITIES AND NET ASSETS		
Current liabilities - payable to affiliate	\$ 13,701	\$ 5,939
Capital	<u>1,537,660</u>	<u>1,545,477</u>
	<u>\$ 1,551,361</u>	<u>\$ 1,551,416</u>
	Year Ended June 30,	
	2017	2016
Expenses:		
Administrative expenses	<u>\$ 7,817</u>	<u>\$ 4,069</u>
Net loss	(7,817)	(4,069)
Capital - beginning of year	<u>1,545,477</u>	<u>1,549,546</u>
Capital - end of year	<u>\$ 1,537,660</u>	<u>\$ 1,545,477</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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 of June 30, 2017 and 2016, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 981,741	\$ 846,271
Tenant security deposits held	26,641	31,068
Rents receivable, net	82,573	73,827
Other receivable	35,776	22,371
Prepaid expenses	<u>21,678</u>	<u>27,564</u>
Total current assets	1,148,409	1,001,101
Reserves and escrow accounts	4,313,136	4,200,058
Security deposits		8,545
Property and equipment	<u>24,513,463</u>	<u>24,863,303</u>
	<u>\$ 29,975,008</u>	<u>\$ 30,073,007</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 133,336	\$ 173,387
Accrued interest payable	459,762	349,247
Tenant security deposits held	26,641	31,068
Due to affiliates	51,395	7,959
Rents received in advance	<u>23,648</u>	<u>16,581</u>
Total current liabilities	694,782	578,242
Long-term debt	<u>22,102,652</u>	<u>22,102,652</u>
Total liabilities	22,797,434	22,680,894
Unrestricted net assets	<u>7,177,574</u>	<u>7,392,113</u>
	<u>\$ 29,975,008</u>	<u>\$ 30,073,007</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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

[6] Euclid Hall HDFC: (continued)

	Year Ended June 30,	
	2017	2016
Income:		
Gross potential rent - tenant	\$ 2,766,937	\$ 2,592,374
Less: vacancy loss	<u>(34,423)</u>	<u>(10,291)</u>
Net residential income	<u>2,732,514</u>	<u>2,582,083</u>
Gross potential rent - commercial	<u>26,412</u>	<u>32,284</u>
Total rental income	2,758,926	2,614,367
Interest and other income	<u>69,941</u>	<u>61,315</u>
Total income	<u>2,828,867</u>	<u>2,675,682</u>
Expenses:		
Salaries	884,750	752,368
Payroll taxes and employment benefits	389,160	323,558
Professional fees	141,707	113,442
Management fees	222,875	213,217
Telephone and internet	13,319	4,909
Administrative expenses	40,015	50,801
Insurance	122,162	122,340
Rent	38,520	37,704
Utilities	344,709	357,250
Supplies	46,759	26,015
Equipment, maintenance and repair	154,887	168,684
Overhead expenses	51,266	50,387
Bad debts expense	<u>24,198</u>	<u>13,757</u>
Total expenses	<u>2,474,327</u>	<u>2,234,432</u>
Change in net asset before finance and depreciation expenses	<u>354,540</u>	<u>441,250</u>
Finance and depreciation expenses:		
Interest and finance charges	118,482	116,562
Depreciation and amortization	<u>450,597</u>	<u>444,620</u>
Total finance and depreciation expenses	<u>569,079</u>	<u>561,182</u>
Decrease in net assets	(214,539)	(119,932)
Net assets - beginning of year	<u>7,392,113</u>	<u>7,512,045</u>
Net assets - end of year	<u>\$ 7,177,574</u>	<u>\$ 7,392,113</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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

[7] Two Hundred and Six Associates:

The statements of financial position for this affiliate as of June 30, 2017 and 2016, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,424	\$ 38,181
Rents receivable, net		412
Other receivable	476	340
Prepaid expenses	<u>823</u>	<u>1,402</u>
Total current assets	15,723	40,335
Reserves and escrow account	156,150	156,035
Property and equipment	<u>2,224,269</u>	<u>2,226,539</u>
	<u>\$ 2,396,142</u>	<u>\$ 2,422,909</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 37,242	\$ 106
Due to affiliates	<u>477,637</u>	<u>401,713</u>
Total current liabilities	514,879	401,819
Accrued interest payable	275,670	261,624
Long-term debt	<u>1,150,000</u>	<u>1,150,000</u>
Total liabilities	1,940,549	1,813,443
Partner's capital	<u>455,593</u>	<u>609,466</u>
	<u>\$ 2,396,142</u>	<u>\$ 2,422,909</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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

[7] Two Hundred and Six Associates: (continued)

	Year Ended June 30,	
	2017	2016
Income:		
Gross potential rent - tenant	\$ 33,288	\$ 27,904
Less: vacancy loss	<u>(9,291)</u>	<u>(474)</u>
Total rental income	<u>23,997</u>	<u>27,430</u>
Contribution and grants	62,651	61,002
Interest and other income	<u>205</u>	<u>167</u>
Total income	<u>86,853</u>	<u>88,599</u>
Expenses:		
Salaries	34,208	8,119
Payroll taxes and employment benefits	11,182	2,368
Professional fees	7,225	2,591
Management fees	14,238	2,521
Administrative expenses	5,494	1,575
Insurance	10,108	4,796
Utilities	45,189	22,928
Supplies	3,497	624
Bad debts expense	367	
Equipment, maintenance and repair	<u>37,921</u>	<u>21,356</u>
Total expenses	<u>169,429</u>	<u>66,878</u>
Net (loss) income before finance and depreciation expenses	<u>(82,576)</u>	<u>21,721</u>
Finance and depreciation expenses:		
Interest and finance charges	14,418	7,772
Depreciation and amortization	<u>56,879</u>	<u>47,396</u>
Total finance and depreciation expenses	<u>71,297</u>	<u>55,168</u>
Net loss	(153,873)	(33,447)
Partner's equity - beginning of year	<u>609,466</u>	<u>642,913</u>
Partner's equity – end of year	<u>\$ 455,593</u>	<u>\$ 609,466</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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

[8] Three Arts Club:

The statement of financial position for this affiliate as of June 30, 2017, and the statement of its results of operations for the period from May 9, 2017 through June 30, 2017, all of which are consolidated herein, are as follows:

	<u>As of June 30, 2017</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 33,217
Rents receivable, net	4,340
Tenant security deposits held	13,815
Other receivable	11,641
Prepaid expenses	<u>26,049</u>
Total current assets	89,062
Reserves and escrow account	1,074,685
Property and equipment, net	<u>42,278,891</u>
	<u>\$ 43,442,638</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ 43,607
Accrued interest payable	169,779
Tenant security deposits held	13,815
Due to affiliates	<u>103,357</u>
Total current liabilities	330,558
Long-term debt	<u>43,335,192</u>
Total liabilities	43,665,750
Unrestricted net assets deficit	<u>(223,112)</u>
	<u>\$ 43,442,638</u>

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

**Notes to Consolidated Financial Statements
June 30, 2017 and 2016**

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

[8] Three Arts Club: (continued)

	Period May 9, 2017 through June 30, 2017
Income:	
Gross potential rent - tenant	<u>\$ 29,698</u>
Other income	<u>105,159</u>
Total income	<u>134,857</u>
Expenses:	
Salaries	28,283
Payroll taxes and employment benefits	6,770
Professional fees	5,157
Administrative expenses	1,901
Insurance	5,254
Utilities	4,516
Supplies	12,286
Social and recreation expenses	676
Food	1,129
Equipment, maintenance and repair	<u>15,524</u>
Total expenses	<u>81,496</u>
Net income before finance and depreciation expenses	<u>53,361</u>
Finance and depreciation expenses:	
Interest and finance charges	170,269
Depreciation and amortization	<u>106,204</u>
Total finance and depreciation expenses	<u>276,473</u>
Decrease in unrestricted net assets	(223,112)
Unrestricted net assets - May 9, 2017	<u>0</u>
Unrestricted net assets - June 30, 2017	<u>\$ 223,112</u>