

EISNERAMPER

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017



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, 2018 and 2017, 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.

Auditor's 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 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, 2018 and 2017, 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

EISNERAMPER LLP
New York, New York
March 14, 2019



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

Consolidated Statements of Financial Position

	June 30,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 8,427,727	\$ 9,261,950
Grants and government contracts receivable, net	4,779,754	2,464,986
Receivable from affiliates - current portion, net	1,923,320	2,278,574
Rents receivable, net	632,889	381,593
Advances receivable from residents, net	79,392	82,449
Tenants' security deposits held	488,274	403,321
Other receivables	236,113	112,880
Prepaid expenses	<u>422,461</u>	<u>676,232</u>
Total current assets	16,989,930	15,661,985
Reserves and escrow accounts	26,273,740	16,768,604
Receivables from affiliates, net	1,415,655	1,216,652
Notes and loan receivable from affiliates	5,996,226	5,996,226
Security deposits	40,185	4,330
Investment in partnerships	5,649,849	5,632,498
Deferred development cost	2,244,955	1,520,882
Property and equipment, net	139,536,882	101,796,889
Deferred leasing costs, net	<u>81,820</u>	<u>107,955</u>
	<u>\$ 198,229,242</u>	<u>\$ 148,706,021</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,485,081	\$ 1,504,322
Accrued interest expense	2,535,382	905,210
Due to residents	1,181,186	1,157,819
Payables to affiliates		62,149
Tenants' security deposits held	488,274	403,321
Rents received in advance	64,499	61,207
Deferred government contracts	223,777	88,478
Long-term debt - current portion	<u>1,285,929</u>	<u>296,190</u>
Total current liabilities	8,264,128	4,478,696
Long-term debt	<u>143,845,850</u>	<u>104,593,913</u>
Total liabilities	<u>152,109,978</u>	<u>109,072,609</u>
Commitments and contingencies (see Note R)		
Net assets:		
Unrestricted	42,052,683	35,116,009
Temporarily restricted	<u>4,066,581</u>	<u>4,517,403</u>
Total net assets	<u>46,119,264</u>	<u>39,633,412</u>
	<u>\$ 198,229,242</u>	<u>\$ 148,706,021</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, 2018			Year Ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions and grants	\$ 1,116,221	\$ 115,741	\$ 1,231,962	\$ 968,408	\$ 3,141,853	\$ 4,110,261
In-kind contributions	8,321,556		8,321,556			
Government contracts	11,761,450		11,761,450	9,274,973		9,274,973
Rental income, net of vacancy losses of \$890,077 and \$596,421 in 2018 and 2017, respectively	15,555,173		15,555,173	15,813,665		15,813,665
Management and other fees	929,264		929,264	907,866		907,866
Overhead income	12,280		12,280	12,046		12,046
Development fee income	300,000		300,000	500,000		500,000
Income from partnerships	1,213,433		1,213,433	1,256,153		1,256,153
Interest and other income	526,729		526,729	476,537		476,537
Total public support and revenue before net assets released from restrictions	39,736,106	115,741	39,851,847	29,209,648	3,141,853	32,351,501
Net assets released from restrictions	566,563	(566,563)	0	285,167	(285,167)	0
Total public support and revenue	40,302,669	(450,822)	39,851,847	29,494,815	2,856,686	32,351,501
Expenses:						
Program services:						
Social services and residential care	10,082,759		10,082,759	8,676,051		8,676,051
Housing	16,504,810		16,504,810	13,333,312		13,333,312
Total program services	26,587,569		26,587,569	22,009,363		22,009,363
Supporting services:						
Management and general	3,026,576		3,026,576	2,870,573		2,870,573
Fund-raising	55,830		55,830	54,424		54,424
Total supporting services	3,082,406		3,082,406	2,924,997		2,924,997
Total expenses before depreciation and amortization	29,669,975		29,669,975	24,934,360		24,934,360
Change in net assets before depreciation and amortization	10,632,694	(450,822)	10,181,872	4,560,455	2,856,686	7,417,141
Depreciation and amortization expenses	(3,696,020)		(3,696,020)	(2,388,998)		(2,388,998)
Change in net assets	6,936,674	(450,822)	6,485,852	2,171,457	2,856,686	5,028,143
Net assets, beginning of year	35,116,009	4,517,403	39,633,412	32,944,552	1,660,717	34,605,269
Net assets, end of year	\$ 42,052,683	\$ 4,066,581	\$ 46,119,264	\$ 35,116,009	\$ 4,517,403	\$ 39,633,412

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, 2018

(with summarized financial information for June 30, 2017)

	Program Services			Supporting Services			Total Expenses	
	Social and Supportive Services	Housing	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2018	2017
Salaries and temporary employees	\$ 5,845,278	\$ 6,002,217	\$ 11,847,495	\$ 2,005,180	\$ 38,864	\$ 2,044,044	\$ 13,891,539	\$ 12,933,438
Payroll taxes and employee benefits	<u>1,699,329</u>	<u>1,920,590</u>	<u>3,619,919</u>	<u>564,193</u>	<u>11,602</u>	<u>575,795</u>	<u>4,195,714</u>	<u>4,050,372</u>
Total salaries and related expenses	7,544,607	7,922,807	15,467,414	2,569,373	50,466	2,619,839	18,087,253	16,983,810
Professional fees and contract service payments	381,725	710,807	1,092,532	165,876		165,876	1,258,408	942,504
Telephone and telecommunications	82,128	97,912	180,040	60,482	1,188	61,670	241,710	206,377
Administrative expenses	123,190	325,320	448,510	122,965	2,318	125,283	573,793	432,780
Insurance	119,907	506,162	626,069	25,661	478	26,139	652,208	536,154
Lease expenses	77,822	169,916	247,738				247,738	247,294
Real estate taxes		168,528	168,528				168,528	77,422
Interest and finance charges		949,741	949,741	5,086		5,086	954,827	791,732
Interest expense - accrued		1,630,172	1,630,172				1,630,172	294,338
Food	340,811	489,347	830,158				830,158	807,056
Utilities	282,977	1,474,257	1,757,234				1,757,234	1,342,848
Supplies	204,044	279,660	483,704	70,226	1,380	71,606	555,310	417,052
Equipment, maintenance and repairs	730,192	1,561,486	2,291,678	6,907		6,907	2,298,585	1,394,389
Social and recreation expenses	195,356	44,722	240,078				240,078	238,114
Housing project expenses								12,765
Bad debt expense		<u>173,973</u>	<u>173,973</u>				<u>173,973</u>	<u>209,725</u>
Total expenses before depreciation and amortization	10,082,759	16,504,810	26,587,569	3,026,576	55,830	3,082,406	29,669,975	24,934,360
Depreciation and amortization		<u>3,677,250</u>	<u>3,677,250</u>	<u>18,770</u>		<u>18,770</u>	<u>3,696,020</u>	<u>2,388,998</u>
	<u>\$ 10,082,759</u>	<u>\$ 20,182,060</u>	<u>\$ 30,264,819</u>	<u>\$ 3,045,346</u>	<u>\$ 55,830</u>	<u>\$ 3,101,176</u>	<u>\$ 33,365,995</u>	<u>\$ 27,323,358</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, 2017**

	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	\$ 5,279,480	\$ 5,648,281	\$ 10,927,761	\$ 1,967,379	\$ 38,298	\$ 2,005,677	\$ 12,933,438
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>
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
Professional fees and contract service payments	267,052	591,963	859,015	83,489		83,489	942,504
Telephone and telecommunications	67,720	87,070	154,790	50,587	1,000	51,587	206,377
Administrative expenses	95,566	232,554	328,120	102,141	2,519	104,660	432,780
Insurance	116,373	410,772	527,145	8,845	164	9,009	536,154
Lease expenses	77,822	169,472	247,294				247,294
Real estate taxes		77,422	77,422				77,422
Interest and finance charges	2,423	768,146	770,569	21,163		21,163	791,732
Interest expense - accrued		294,338	294,338				294,338
Food	323,103	483,953	807,056				807,056
Utilities	273,363	1,069,485	1,342,848				1,342,848
Supplies	129,160	235,794	364,954	51,088	1,010	52,098	417,052
Equipment, maintenance and repairs	266,144	1,127,580	1,393,724	665		665	1,394,389
Social and recreation expenses	186,041	52,073	238,114				238,114
Housing project expenses		10,700	10,700	2,065		2,065	12,765
Bad debt expense		<u>209,725</u>	<u>209,725</u>				<u>209,725</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
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>\$ 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>

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>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,485,852	\$ 5,028,143
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contributions	(8,321,556)	
Depreciation and amortization	3,696,020	2,388,998
Amortization on loan issuance cost	8,972	7,514
Bad debts expense	173,973	209,725
Changes in:		
Reserve for bad debt	4,200	
Grants and government contracts receivable, net	(2,314,766)	124,381
Receivable from affiliates, net	156,251	(410,253)
Rents receivable	(429,469)	(271,716)
Advances receivable from residents	3,057	(41,703)
Other receivables	(123,233)	65,066
Prepaid expenses	253,771	(253,779)
Accounts payable and accrued expenses	980,759	(109,520)
Accrued interest expense	1,630,172	294,339
Due to residents	23,367	114,177
Payable to affiliates	(62,149)	62,149
Rents received in advance	3,292	5,196
Tenants security deposit held	(84,953)	(12,207)
Deferred government contracts	135,299	2,256
Deferred development cost	(724,073)	(869,012)
	<u>1,494,784</u>	<u>6,333,754</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(33,709,878)	(42,979,384)
Investments in partnership and housing company	(17,351)	(102,486)
Changes in reserves and escrow accounts	(9,505,136)	(4,751,141)
Security deposits paid	(35,855)	8,545
Tenants security deposit held	84,953	12,207
	<u>(43,183,267)</u>	<u>(47,812,259)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from issuance of notes payable	40,000	15,000
Proceeds from issuance of mortgage payable	40,933,137	43,335,192
Proceeds from line of credit	333,183	574,007
Principal payments on notes payable	(25,000)	
Principal payments on mortgage loan payable	(310,422)	(281,000)
Payments on line of credit		(407,190)
Deferred financing costs	(116,638)	
	<u>40,854,260</u>	<u>43,236,009</u>
Net cash provided by financing activities		
Net change in cash, cash equivalents and restricted cash	(834,223)	1,757,504
Cash, cash equivalents and restricted cash, beginning of year	<u>9,261,950</u>	<u>7,504,446</u>
Cash, cash equivalents and restricted cash, end of year	\$ 8,427,727	\$ 9,261,950
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 939,474	\$ 793,103
In-kind contributions - Loan decrements	\$ 621,556	
In-kind contributions - Building	\$ 7,700,000	

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, 2018 and 2017

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. 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 149 Housing, 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 149 Housing is Federation Housing Support Services, Inc. ("FHSS"), an affiliated entity. The 99% limited-partnership interest in Two Hundred Six Associates L.P., 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, 2018 and 2017

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, transferred 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.

Three Arts Club Housing Development Fund Company Inc. ("Three Arts Club") is a not-for-profit housing development corporation, exempt under Section 501(c)(3), 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 new on West 108th Street as part of a larger mixed-used development. The relocation period commenced in April 2018 and is expected to 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.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

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, exempt under Section 501(c)(3), 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 activities that were consolidated during the year.

IH Associates LLC ("IH LLC") is organized as a limited liability company that owns the beneficial interest in, and operates, the property located at 176 West 94th Street, New York, New York. The building contains 121 apartments, two commercial units and one parking garage. Independence House Corporation I ("IH"), a not-for-profit housing corporation under Article II of the Private Housing Finance Law of the State of New York, holds the fee simple title of the property. WSFSSH is the sole member of both IH LLC and IH. On October 26, 2017, IH LLC purchased a building, which is a Mitchell Lama Program Building, from an unrelated third party at a price of approximately \$28,000,000 which was below the prevailing real estate market price and resulted in an in-kind contribution of \$7,700,000. IH LLC funded the purchase and is funding a renovation program with subsidized mortgages from HDC and HPD which totaled approximately \$40,533,000. On November 1, 2017, IH LLC was able to secure a 20-year Project-Based Voucher Housing Assistance Payment (HAP) Contract with NYC Department of Housing Preservation and Development. The contract provides the tenant-based rental assistance for up to 80 units at the building. WSFSSH provides building management and social services to IH LLC.

West 108th HDFC, Inc. ("W108 HDFC") is a not-for-profit housing development corporation, exempt under Section 501(c)(4), formed in the State of New York on January 19, 2017, whose board of directors is appointed by the board of directors of WSFSSH. W108 HDFC was formed to participate in the ownership of a new construction project known as "WSFSSH at West 108", comprised of both permanent residential housing (199 residential units) and a transitional shelter (110 beds), with an anticipated construction start date of January 2019 and a construction completion date in December 2021 ("Project"). The Project will be a single building with two condominium units. W108 HDFC is expected to serve as the fee owner of the permanent housing condominium unit ("Permanent Condo"). A separate WSFSSH affiliate, Valley Lodge Shelter HDFC ("VL HDFC") is expected to serve as the fee owner of the transitional housing condominium unit ("Transitional Condo"). W108 HDFC had no financial activities that were consolidated during the year.

Valley Lodge Shelter HDFC ("VL HDFC") is a not-for-profit housing development corporation, exempt under Section 501(c)(4), formed in the State of New York on March 30, 2018 and whose board of directors is appointed by the board of directors of WSFSSH. Within the WSFSSH at West 108 Project described above, VL HDFC will own the transitional condo, which will be operated by WSFSSH pursuant to a contract with New York City Department of Homeless Services ("DHS"). On May 8, 2018, WSFSSH entered into a contract with DHS to construct and operate the shelter facility in the transitional condo unit. VL HDFC had no financial activities that were consolidated during the year.

All intercompany accounts and transactions have been eliminated in consolidation.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

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

[2] Basis of accounting:

The consolidated financial statements of the Organization have been prepared using the accrual basis of accounting and conform to U.S. GAAP as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of 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 consolidated statements of financial position at June 30, 2018 and 2017 was \$1,181,186 and \$1,157,819, respectively, with a corresponding liability reported in due to residents.

[5] Property and equipment:

Property and equipment are reported at their original costs, net of accumulated depreciation or their fair values on the dates of donation. The Organization capitalizes fixed assets with costs greater than \$5,000, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 40 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, 2018 and 2017, 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.

[6] Deferred leasing costs:

Costs incurred in connection with a commercial lease are 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 debt-issuance costs is reported as interest expense in the consolidated statements of activities. Interest expense relating to the amortization of deferred debt-issuance costs was \$8,972 and \$7,514 during fiscal-years 2018 and 2017, respectively. (See Note M).

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

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

[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, 2018 and 2017, this accrued vacation was \$169,617 and \$125,745, 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 that are subject to donor imposed stipulations that will be met by the actions of the Organization or by the passage of time. Net assets released from restrictions represent 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] Revenue recognition:

Revenue from government contracts is recognized when costs are incurred or other services are performed. Contracts received in advance are recorded as advances from governmental agencies, and revenue is deferred until the related expenses are incurred. 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. Management fees are recognized based upon services rendered, in accordance with relative contractual provisions.

Contributions and grants are recognized as income upon the receipt of (i) cash or other assets or (ii) unconditional pledges. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted and reported in the consolidated statements of activities as "net assets released from restrictions."

As disclosed in Note A[1], in October 2017, the Organization purchased property for approximately \$28,000,000 which had an estimated fair-value of approximately \$35,700,000 from which the Organization has recognized an in-kind contribution of \$7,700,000 between the differential of purchase price to fair-value within the consolidated statement of activities. The property has been recorded at its fair-value at the date of purchase.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

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

[11] Due to residents:

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

[12] 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.

[13] 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. For the Organization, ASC Topic 740 is potential applicable to the incurrence of unrelated business income ("UBI") attributable to income received from parking garages and taxes relating to transportation fringe benefits. Nonetheless, because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's consolidated financial statements.

[14] Upcoming accounting change:

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. The Organization will adopt the pronouncement in fiscal-year 2019.

[15] Reclassification:

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

[16] Subsequent events:

The Organization evaluated subsequent events through March 14, 2019, the date on which the consolidated financial statements were available to be issued. (See Note S.)

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

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:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Federal	\$ 373,984	\$ 296,262
New York State	103,535	77,732
New York City	<u>4,302,235</u>	<u>2,090,992</u>
	<u>\$ 4,779,754</u>	<u>\$ 2,464,986</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.
- West 108th Housing Development Fund Company, Inc.
- Valley Lodge Shelter 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
- 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 SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE C - RELATED-PARTY TRANSACTIONS (CONTINUED)

[1] Property management: (continued)

- West Eighties Housing Company, Inc., general partner for:
West Eighties Associates, LP
- Tres Puentes Housing Company, Inc., general partner for:
Tres Puentes, L.P.
- Mill Brook Housing Company, Inc., general partner for:
Mill Book Terrace L.P.
- West 108th Housing Company, Inc, general partner for:
West 108th L.P

Management and social-service and consulting fees for each of the fiscal-years 2018 and 2017 were \$929,264 and \$907,866, respectively.

[2] Development fee agreements:

Claremont Park Associates, LP:

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, the balance of which was fully collected from Claremont Park Associates, LP during fiscal year 2017.

Borinquen, LP:

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, 2018 and 2017, respectively, and is included in the amount receivable from Borinquen Court Associates, LP (see Note D).

Tres Puentes, LP:

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 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 was earned and received during fiscal year June 30, 2017.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE C - RELATED-PARTY TRANSACTIONS (CONTINUED)

[2] Development fee agreements: (continued)

Mill Brook Terrace, LP:

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, of which \$300,000 was earned and received during fiscal year June 30, 2018.

[3] Deferred development costs:

The Organization prepays the development cost for new projects at development stage and receives reimbursements once the new projects become operational or fully funded by permanent financing sources. As of June 30, 2018 and 2017, respectively, the total deferred development costs are \$2,244,955 and \$1,520,882.

NOTE D - AFFILIATE RECEIVABLES

As described in Note A[1], the Organization is affiliated with various entities some of which are not consolidated with the Organization. The financial statements of these entities noted below have not been consolidated with those of the Organization, and, amounts due to these affiliates were as follows:

Receivables	June 30,	
	2018	2017
Borinquen Court Associates, LP	\$ 826,108	\$ 769,357
Mill Brook Terrace, LP	260,086	718,533
One Hundred Forty Associates, LP	763,305	650,152
Tres Puentes LP	627,327	522,558
Claremont Park Associates, LP	298,874	399,266
PSS/WSF Housing Company, LP	397,025	307,489
K & L HDFC, Inc.	144,286	82,905
West Eighties Associates, LP	21,974	29,536
Manhattan West Associates, LP		15,430
	<u>3,338,985</u>	3,495,226
Less: current portion	<u>1,923,320</u>	<u>2,278,574</u>
	<u>\$ 1,415,655</u>	<u>\$ 1,216,652</u>

NOTE E - NOTES AND LOAN RECEIVABLE FROM AFFILIATES

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

	June 30,	
	2018	2017
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, 2018 and 2017

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 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, 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, 2018 and 2017, 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 \$664,903 and \$569,357 as of June 30, 2018 and 2017, respectively. Interest payments received as of June 30, 2018 and 2017 were \$172,866 and \$122,731, respectively.
- (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 \$750,752 and \$647,295 as of June 30, 2018 and 2017, 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 was \$142,523. There were no interest payments received during fiscal year 2018.

NOTE F - RENTS RECEIVABLE

At June 30, 2018 and 2017, rents receivable of \$1,325,718 and \$848,868, respectively, consisted 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 \$693,000 and \$467,000 have been reserved for an allowance for uncollectible accounts for fiscal-years 2018 and 2017, respectively.

NOTE G - ADVANCES RECEIVABLE FROM RESIDENTS

At June 30, 2018 and 2017, advances receivable from residents of \$98,839 and \$101,896 consisted 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 have been reserved for an allowance for uncollectible accounts for doubtful collections in both fiscal-years 2018 and 2017.

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, 2018 and 2017, the investment in this partnership was reported at \$4,098,682 and \$4,081,263, respectively. In fiscal-years 2018 and 2017, WSFSSH recognized \$1,213,501 and \$1,256,153, respectively, of partnership income, net of an amortization charge for the excess of cost over the underlying equity. WSFSSH received a distribution of \$1,145,184 and \$1,062,054 from the partnership in fiscal-years 2018 and 2017, 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.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE H - INVESTMENTS IN PARTNERSHIPS (CONTINUED)

At June 30, 2018 and 2017, the investment in this partnership was reported at \$1,551,167 and \$1,551,235, 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:

	June 30, 2018	
	Level 3	Total
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>
	June 30, 2017	
	Level 3	Total
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>

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 2018 and 2017.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE I - FAIR-VALUE MEASUREMENTS (CONTINUED)

The following table represents the Organization's Level 3 purchase money note receivables, the valuation techniques used to measure the fair value of those receivable as of June 30, 2018 and 2017, and the significant unobservable inputs and the ranges of values for those inputs.

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

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.

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

	June 30,	
	2018	2017
WSFSSH - Reserve for Fania Gersham Apartments	\$ 92,890	\$ 92,844
459 W. 147th Street - Water and Sewer Escrow	7,100	7,568
459 W. 147th Street - Replacement Reserve	35,560	24,480
Revella - Replacement Reserve	199,582	182,289
Revella - Social Service Reserve	106,991	106,906
Marseilles - Water & Sewer	(646)	(2,190)
Marseilles - Insurance Deposit	59,965	66,121
Marseilles - Real Estate Tax Escrow	46,806	55,114
Marseilles - Replacement Reserve	216,563	182,813
Marseilles - Capital Reserve	970,495	2,322,919
Marseilles - Other Reserve	77,200	77,200
One Forty Nine Housing - Replacement Reserve	302,924	279,018
One Forty Nine Housing - Owner Reserve	152,798	116,690
The Westbourne - Operating Reserve	968,814	956,872
The Westbourne - Replacement Reserve	274,955	235,393
Euclid - Operating Reserve	1,742,177	1,720,671
Euclid - Replacement Reserve	2,695,684	2,592,465
WSFSSH - Development Fund Reserve	1,393,940	1,392,980
WSFSSH - Operating Reserve for Claremont	1,142,391	1,140,330
WSFSSH - Social Service Reserve for Claremont	571,187	570,156
WSFSSH- Capital Grant Escrow (See Note O)	3,000,000	3,000,000
One Twenties Clusters - Replacement Reserve	366,722	351,876
One Twenties Clusters - Social Service Reserve	65,288	65,255
206 Associates LP - Replacement Reserve	9,143	9,074
206 Associates LP- Operating Reserve	147,193	147,075
Independence House - Water and Sewer Escrow	27,093	
Independence House - Insurance Deposit	37,574	
Independence House - Loan and Equity Escrow	8,222,394	
Independence House - Building Reserve (See Note M (d))	1,091,516	
Independence House - Replacement Reserve	150,562	
Independence House - Real Estate Tax Escrow	66,883	
Independence House - Operating Reserve	957,311	
Three Arts Club- fund deposits (See Note M (c))	1,074,685	1,074,685
	<u>\$ 26,273,740</u>	<u>\$ 16,768,604</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE K - PROPERTY AND EQUIPMENT

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 34,789,520	\$ 27,649,520
Buildings and leasehold improvements	130,740,909	97,075,647
Equipment	3,229,296	2,716,648
Furniture	<u>1,264,380</u>	<u>1,172,412</u>
	170,024,105	128,614,227
Less: accumulated depreciation	<u>(30,487,223)</u>	<u>(26,817,338)</u>
	<u>\$139,536,882</u>	<u>\$101,796,889</u>

NOTE L - DEFERRED LEASING COSTS

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Deferred leasing costs	\$ 360,459	\$ 360,459
Less accumulated amortization	<u>(278,639)</u>	<u>(252,504)</u>
	<u>\$ 81,820</u>	<u>\$ 107,955</u>

Amortization expense was \$26,135 and \$35,864 for fiscal-years 2018 and 2017, respectively.

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE M - LONG-TERM DEBT

	June 30,	
	<u>2018</u>	<u>2017</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. The loan payable was reduced by 20% of the unpaid balance. In accordance with the loan agreement, commencing on the 26th year of the initial occupancy, for fiscal year 2018, the amount of the principal decrements was \$621,556, and has been reflected as in-kind contributions on the consolidated statement of activities (a).	\$ 2,486,222	\$ 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	43,335,192
Mortgage loan payable, bearing interest at 1.00% per annum, secured by a mortgage encumbering the property and improvements located at 176 West 94th Street, New York City, due in October 2137(d).	25,000,000	
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>17,754,787</u>	<u>18,014,487</u>
Total mortgage loans payable to HPD	<u>\$ 120,903,788</u>	<u>\$ 96,785,044</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE M - LONG-TERM DEBT (CONTINUED)

	June 30,	
	<u>2018</u>	<u>2017</u>
Balance brought forward	\$ 120,903,788	\$ 96,785,044
Loan payable, unsecured, non-interest bearing, to Deutsche Bank Americas Foundation, \$40,000 and \$40,000 due November 30, 2019 and November 30, 2020, respectively.	80,000	65,000
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 At June 30, 2018, loans in the amount of \$162,450 interest of 6.27%, to be amortized over 25 years; 2) \$255,201 loan bearing interest of 1%, to be amortized over 30 years (with a step-up in years 26-30); and 3) \$302,500 home loan, bearing no interest. At June 30, 2017, loans in the amount of \$169,759 over 25 years; 2) \$259,382 loan bearing interest of 1%, to be amortized over 30 years (with a step-up in years 26-30); and 3) \$302,500 home loan bearing no interest.	720,151	731,641
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
Mortgage loan payable to New York City Housing Development Corporation, bearing interest of 4.41%, secured by a mortgage encumbering the property and improvements located at 176 West 94th Street, New York City due October 2057 (d).	7,220,748	
Mortgage loan payable to New York City Housing Development Corporation, bearing interest of 2.50%, secured by a mortgage encumbering the property and improvements located at 176 West 94th Street, New York City due October 2057 (d).	8,273,137	
Line of credit payable to Chase Bank bearing interest at 7.84%, expiring May 11, 2019. (See Note N)	400,000	
Line of credit payable to Capital One Bank bearing interest of 1%, expiring April 1, 2019. (See Note N)	500,000	166,817
	145,434,779	105,085,457
Less: current portion	1,285,929	296,190
	144,148,850	104,789,267
Unamortized deferred debt-issuance cost	(303,000)	(195,354)
	\$ 143,845,850	\$ 104,593,913

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE M - LONG-TERM DEBT (CONTINUED)

- (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 both June 30, 2018 and 2017, approximately \$1,074,000 of funds remain restricted by HPD (see Note J).
- (d) In October 2017, IH LLC entered into an agreement to purchase property located at 179 West 94th Street from an unrelated third party for approximately \$28 million. In conjunction with the purchase and renovation to the property, IH LLC entered into three mortgage agreements with HPD and HDC aggregating \$40,493,885. The excess mortgage proceeds over the purchase price are restricted by HPD and HDC for renovations and improvements to the property. At June 30, 2018, approximately \$9,314,000 of funds remain restricted by HPD and HDC. (See Note J.)

The required principal payments by the Organization on the above obligations, in each of the five fiscal years subsequent to June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 385,929
2020	406,160
2021	381,331
2022	397,142
2023	420,552

NOTE N - LINE OF CREDIT

During fiscal year 2018, the Organization obtained a \$3,500,000 line of credit with JP Morgan Chase Bank bearing an interest rate of 5.507 percentage points over the LIBOR rate, expiring in May 2019. At June 30, 2018, the outstanding balance was \$400,000, under the line of credit. Subsequent to year end, the line of credit was increased by \$1,500,000.

The Organization 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. During the year, the Organization drew down \$333,183. At June 30, 2018 and 2017, the outstanding balances were \$500,000 and \$166,817, respectively, under the line of credit.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE O - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018 and 2017, net assets of \$4,066,581 and \$4,517,403 were temporarily restricted for housing and construction, respectively, which includes \$115,741 and \$3,000,000 contributions from Quip and 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 (see Note J). During fiscal-years 2018 and 2017, net assets in the amounts of \$566,563 and \$285,167 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 2018 and 2017 were approximately \$277,000 and \$265,000, respectively.

NOTE R - COMMITMENTS AND CONTINGENCIES

[1] Governmental audits:

Government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2018 and 2017, 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 contracts 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, 2018 and 2017, WSFSSH has not recognized a liability under the guarantees.

NOTE S - SUBSEQUENT EVENTS

On August 1, 2018, W108 HDFC acquired two garages located at 137 and 159 West 108th Street, New York (Block 1863, Lots 5 and 13) from an unrelated third party, NYC HPD for a total price of \$2.

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

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE S - SUBSEQUENT EVENTS (CONTINUED)

On December 27, 2018, W108 HDFC acquired the existing Valley Lodge Building located at 149 West 108th Street, New York, (Block 1863, Lot 10) from West Side Special HDFC, a WSFSSH affiliate, for \$1. On the same date, W108 HDFC entered into a nominee agreement with West 108th St, L.P. ("W108 LP"), a partnership that was formed on March 28, 2018 and amended and restated on December 27, 2018, giving all beneficial ownership of the Project to the W108 LP. The general partner of W108 LP is West 108th Street Housing Company, Inc, a for-profit housing company of which 100% of the stock is owned by WSFSSH, with a .01% ownership interest. The limited partner is NEF New York Regional Fund LP, with a 99.99% ownership interest. Concurrently, W108 LP entered into an Interim Lease with VL HDFC, giving VL HDFC the right and obligation to construct and fund the transitional shelter component of the Project. Subsequently, in connection with development services for the Project, WSFSSH entered into developer fee agreements with W108 LP and VL HDFC in the amount of \$11,508,804 and \$2,275,000, respectively.

NOTE T - 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, 2018 and 2017, 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>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 420,986	\$ 606,016
Tenant security deposits held	176,354	172,620
Receivable from affiliates	11,796,347	9,037,055
Rents receivable, net	14,490	72,982
Other receivables	4,586	3,570
Prepaid expenses	<u>52,806</u>	<u>52,495</u>
Total current assets	12,465,569	9,944,738
Reserves and escrow accounts	1,370,382	2,701,977
Property and equipment	17,759,150	17,037,004
Deferred leasing costs, net	<u>269,661</u>	<u>107,957</u>
	<u>\$ 31,864,762</u>	<u>\$ 29,791,675</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 268,064	\$ 92,309
Due to residents		841
Tenants' security deposits held	176,354	172,620
Rents received in advance	4,991	4,917
Long-term debt - current portion	<u>270,172</u>	<u>259,699</u>
Total current liabilities	719,581	530,386
Long-term debt	<u>17,484,616</u>	<u>17,559,435</u>
Total liabilities	18,204,197	18,089,821
Unrestricted net assets	<u>13,660,565</u>	<u>11,701,854</u>
	<u>\$ 31,864,762</u>	<u>\$ 29,791,675</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

[1] Marseilles LLC: (continued)

	Year Ended June 30,	
	2018	2017
Income:		
Gross potential rent - tenant	\$ 4,460,332	\$ 4,437,924
Section 8 retroactive rental subsidy		1,455,759
Less: vacancy loss	<u>(63,641)</u>	<u>(31,575)</u>
Net residential rent	<u>4,396,691</u>	<u>5,862,108</u>
Gross potential rent - commercial	777,763	769,589
Less: rent concessions	<u>(326,664)</u>	<u>(239,276)</u>
Net commercial rent	<u>451,099</u>	<u>530,313</u>
Total rental income	4,847,790	6,392,421
Interest and other income	<u>1,444</u>	<u>4,786</u>
Total income	<u>4,849,234</u>	<u>6,397,207</u>
Expenses:		
Salaries	414,755	366,450
Payroll taxes and employment benefits	139,665	134,651
Professional fees	49,672	24,342
Management fees	243,717	309,825
Administrative expenses	20,799	20,803
Real estate taxes	65,844	72,568
Insurance	87,444	84,336
Utilities	200,284	200,977
Supplies	12,095	11,525
Equipment, maintenance and repair	189,998	187,223
Social and recreation expenses	4,365	10,919
Bad debts expense	<u>13,537</u>	<u>105,014</u>
Total expenses before finance and depreciation	<u>1,442,175</u>	<u>1,528,633</u>
Change in net assets before finance and depreciation expenses	<u>3,407,059</u>	<u>4,868,574</u>
Finance and depreciation expenses:		
Interest and finance charges	710,420	728,509
Depreciation and amortization	<u>737,928</u>	<u>702,301</u>
Total finance and depreciation expenses	<u>1,448,348</u>	<u>1,430,810</u>
Increase in net assets	1,958,711	3,437,764
Net assets, beginning of year	<u>11,701,854</u>	<u>8,264,090</u>
Net assets, end of year	<u>\$ 13,660,565</u>	<u>\$ 11,701,854</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE T - 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, 2018 and 2017, 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>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 168,459	\$ 56,100
Tenant security deposits held	20,747	20,937
Rents receivable, net	110,491	47,952
Other receivables	4,245	3,024
Prepaid expenses	<u>13,835</u>	<u>14,561</u>
Total current assets	317,777	142,574
Reserves and escrow accounts	1,243,769	1,192,265
Property and equipment	<u>6,266,197</u>	<u>6,406,075</u>
	<u>\$ 7,827,743</u>	<u>\$ 7,740,914</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 58,865	\$ 50,101
Tenant security deposits held	20,747	20,937
Payable to affiliate	223,136	236,330
Due to residents	569	
Rents received in advance	<u>6,160</u>	<u>7,087</u>
Total current liabilities	309,477	314,455
Long-term debt	<u>4,665,028</u>	4,665,028
Total liabilities	4,974,505	4,979,483
Unrestricted net assets	<u>2,853,238</u>	<u>2,761,431</u>
	<u>\$ 7,827,743</u>	<u>\$ 7,740,914</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

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

	Year Ended June 30,	
	2018	2017
Income:		
Gross potential rent - tenant	\$ 1,181,652	\$ 1,093,152
Less: vacancy loss	<u>(31,199)</u>	<u>(31,340)</u>
Net residential rent	1,150,453	1,061,812
Rent - commercial	<u>133,061</u>	<u>195,801</u>
Total rental income	1,283,514	1,257,613
Grant income	125,000	
Interest and other income	<u>15,547</u>	<u>14,645</u>
Total income	<u>1,424,061</u>	<u>1,272,258</u>
Expenses:		
Salaries	391,581	408,024
Payroll taxes and employment benefits	112,811	121,893
Professional fees	92,506	45,995
Management fees	97,566	100,418
Administrative expenses	54,575	48,188
Insurance	57,626	54,428
Utilities	134,299	122,173
Supplies	20,662	21,448
Equipment, maintenance and repair	144,860	110,230
Social and recreation expenses	26,152	29,704
Real estate taxes	1,092	4,854
Bad debts expenses	<u>1,675</u>	<u>9,773</u>
Total expenses	<u>1,135,405</u>	<u>1,077,128</u>
Change in net income before finance and depreciation expenses	<u>288,656</u>	<u>195,130</u>
Finance and depreciation expenses:		
Interest and finance charges	3,600	3,092
Depreciation and amortization	<u>193,249</u>	<u>197,589</u>
Total finance and depreciation expenses	<u>196,849</u>	<u>200,681</u>
Change in net assets	91,807	(5,551)
Net assets, beginning of year	<u>2,761,431</u>	<u>2,766,982</u>
Net assets, end of year	<u>\$ 2,853,238</u>	<u>\$ 2,761,431</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE T - 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, 2018 and 2017, 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,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,320	\$ 68,774
Tenant security deposits held	41,413	
Government contract receivables	135,318	86,414
Prepaid and other receivables	<u>212</u>	<u>438</u>
Total current assets	<u>\$ 200,263</u>	<u>\$ 155,626</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 258	\$ 152
Tenant security deposits held	41,413	
Other payables		218
Payable to affiliate	<u>167,955</u>	<u>141,732</u>
Total current liabilities	209,626	142,102
Unrestricted net assets-deficit	<u>(9,363)</u>	<u>13,524</u>
	<u>\$ 200,263</u>	<u>\$ 155,626</u>
	Year Ended June 30,	
	2018	2017
Revenue:		
Contributions	\$ 8,000	\$ 8,000
Grant income	<u>87,714</u>	<u>106,488</u>
Total revenue	<u>95,714</u>	<u>114,488</u>
Expenses:		
Salaries	67,583	79,946
Payroll taxes and employment benefits	19,365	23,867
Professional fees	24,664	4,106
Administrative expenses	1,989	3,143
Insurance	<u>5,000</u>	<u>2,089</u>
Total expenses	<u>118,601</u>	<u>113,151</u>
Change in net assets - unrestricted	(22,887)	1,337
Net assets, beginning of year	<u>13,524</u>	<u>12,187</u>
Net assets, end of year	<u>\$ (9,363)</u>	<u>\$ 13,524</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE T - 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 as of June 30, 2018 and 2017, 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,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 32,983	\$ 26,840
Tenant security deposits held	9,156	10,380
Rents receivable, net	493	1,603
Prepaid expenses and other receivable	<u>3,611</u>	<u>3,712</u>
Total current assets	46,243	42,535
Reserves and escrow accounts	455,722	395,708
Property and equipment	<u>707,080</u>	<u>573,459</u>
	<u>\$ 1,209,045</u>	<u>\$ 1,011,702</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 104,228	\$ 13,859
Tenant security deposits held	9,156	10,380
Payable to affiliate	200,739	67,516
Due to residents	674	
Rents received in advance	<u>1,988</u>	<u>1,747</u>
Total current liabilities	316,785	93,502
Long-term debt	<u>2,441,330</u>	<u>2,441,330</u>
Total liabilities	2,758,115	2,534,832
Partner's deficit	<u>(1,549,070)</u>	<u>(1,523,130)</u>
	<u>\$ 1,209,045</u>	<u>\$ 1,011,702</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE T - 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>2018</u>	<u>2017</u>
Income:		
Gross potential rent - tenant	\$ 800,080	\$ 791,101
Less: vacancy loss	<u>(29,153)</u>	<u>(18,171)</u>
Total rental income	770,927	772,930
Interest and other income	<u>5,771</u>	<u>5,766</u>
Total income	<u>776,698</u>	<u>778,696</u>
Expenses:		
Salaries	290,916	271,549
Payroll taxes and employment benefits	94,767	94,539
Professional fees	33,570	30,095
Management fees	76,746	74,732
Administrative expenses	12,547	11,261
Insurance	28,023	28,114
Utilities	80,764	80,399
Supplies	6,159	6,189
Telephone and internet	10,887	10,241
Equipment, maintenance and repair	85,553	61,490
Overhead expenses	12,743	12,588
Food	22,290	21,372
Bad debts expense	(1,359)	1,946
Social and recreation expenses	<u>2,170</u>	<u>2,946</u>
Total expenses	<u>755,776</u>	<u>707,461</u>
Net income before depreciation expense	<u>20,922</u>	<u>71,235</u>
Depreciation expense	<u>46,862</u>	<u>43,952</u>
Net (loss) income	(25,940)	27,283
Net deficit, beginning of year	<u>(1,523,130)</u>	<u>(1,550,413)</u>
Net deficit, end of year	<u>\$ (1,549,070)</u>	<u>\$ (1,523,130)</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE T - 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, 2018 and 2017, 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>2018</u>	<u>2017</u>
ASSETS		
Investments in partnership	\$ 1,551,167	\$ 1,551,234
Prepaid and other	<u>135</u>	<u>127</u>
	<u>\$ 1,551,302</u>	<u>\$ 1,551,361</u>
LIABILITIES AND NET ASSETS		
Current liabilities - payable to affiliate	\$ 17,047	\$ 13,701
Capital	<u>1,534,255</u>	<u>1,537,660</u>
	<u>\$ 1,551,302</u>	<u>\$ 1,551,361</u>
	<u>Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Expenses:		
Administrative expenses	\$ 3,405	\$ 7,817
Net loss	(3,405)	(7,817)
Capital, beginning of year	<u>1,537,660</u>	<u>1,545,477</u>
Capital, end of year	<u>\$ 1,534,255</u>	<u>\$ 1,537,660</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

[6] Euclid Hall HDFC:

The statements of financial position for this affiliate as of June 30, 2018 and 2017, 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>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,344,344	\$ 981,741
Due from affiliate	18,261	
Tenant security deposits held	26,086	26,641
Rents receivable, net	81,611	82,573
Other receivable	31,881	35,776
Prepaid expenses	<u>18,125</u>	<u>21,678</u>
Total current assets	1,520,308	1,148,409
Reserves and escrow accounts	4,437,861	4,313,136
Property and equipment	<u>24,078,915</u>	<u>24,513,463</u>
	<u>\$ 30,037,084</u>	<u>\$ 29,975,008</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 682,246	\$ 133,336
Accrued interest payable	636	459,762
Tenant security deposits held	26,086	26,641
Due to affiliates		51,395
Rents received in advance	<u>6,294</u>	<u>23,648</u>
Total current liabilities	715,262	694,782
Long-term debt	<u>22,102,652</u>	<u>22,102,652</u>
Total liabilities	22,817,914	22,797,434
Unrestricted net assets	<u>7,219,170</u>	<u>7,177,574</u>
	<u>\$ 30,037,084</u>	<u>\$ 29,975,008</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

[6] Euclid Hall HDFC: (continued)

	Year Ended June 30,	
	2018	2017
Income:		
Gross potential rent - tenant	\$ 2,978,861	\$ 2,766,937
Less: vacancy gains (loss)	<u>23,568</u>	<u>(34,423)</u>
Net residential income	<u>3,002,429</u>	<u>2,732,514</u>
Gross potential rent - commercial	<u>64,104</u>	<u>26,412</u>
Total rental income	3,066,533	2,758,926
Other contract income	1,362	
Interest and other income	<u>87,270</u>	<u>69,941</u>
Total income	<u>3,155,165</u>	<u>2,828,867</u>
Expenses:		
Salaries	855,915	884,750
Payroll taxes and employment benefits	374,570	389,160
Professional fees	145,096	141,707
Management fees	237,533	222,875
Telephone and internet	5,707	13,319
Administrative expenses	59,027	40,015
Insurance	123,887	122,162
Rent	38,964	38,520
Utilities	340,015	344,709
Supplies	35,931	46,759
Equipment, maintenance and repair	234,617	154,887
Overhead expenses	52,023	51,266
Bad debts expense	<u>36,735</u>	<u>24,198</u>
Total expenses	<u>2,540,020</u>	<u>2,474,327</u>
Change in net asset before finance and depreciation expenses	<u>615,145</u>	<u>354,540</u>
Finance and depreciation expenses:		
Interest and finance charges	118,651	118,482
Depreciation and amortization	<u>454,898</u>	<u>450,597</u>
Total finance and depreciation expenses	<u>573,549</u>	<u>569,079</u>
Change in net assets	41,596	(214,539)
Net assets, beginning of year	<u>7,177,574</u>	<u>7,392,113</u>
Net assets, end of year	<u>\$ 7,219,170</u>	<u>\$ 7,177,574</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE T - 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, 2018 and 2017, 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>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 29,588	\$ 14,424
Other receivable	100	476
Prepaid expenses	<u>627</u>	<u>823</u>
Total current assets	30,315	15,723
Reserves and escrow account	156,337	156,150
Property and equipment	<u>2,304,479</u>	<u>2,224,269</u>
	<u>\$ 2,491,131</u>	<u>\$ 2,396,142</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 16,631	\$ 37,242
Accrued interest payable	289,998	275,670
Due to affiliates	<u>911,741</u>	<u>477,637</u>
Total current liabilities	1,218,370	790,549
Long-term debt	<u>1,150,000</u>	<u>1,150,000</u>
Total liabilities	2,368,370	1,940,549
Partner's capital	<u>122,761</u>	<u>455,593</u>
	<u>\$ 2,491,131</u>	<u>\$ 2,396,142</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

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

	Year Ended June 30,	
	2018	2017
Income:		
Gross potential rent - tenant		\$ 33,288
Less: vacancy loss		<u>(9,291)</u>
Total rental income		<u>23,997</u>
Contribution and grants		62,651
Interest and other income	\$ 188	<u>205</u>
Total income	<u>188</u>	<u>86,853</u>
Expenses:		
Salaries	43,520	34,208
Payroll taxes and employment benefits	12,686	11,182
Professional fees	13,178	7,225
Management fees	12,635	14,238
Administrative expenses	5,406	5,494
Insurance	9,526	10,108
Utilities	27,546	45,189
Supplies	2,750	3,497
Bad debts expense		367
Equipment, maintenance and repair	115,792	<u>37,921</u>
Total expenses	<u>243,039</u>	<u>169,429</u>
Net loss before finance and depreciation expenses	<u>(242,851)</u>	<u>(82,576)</u>
Finance and depreciation expenses:		
Interest and finance charges	14,899	14,418
Depreciation and amortization	75,082	<u>56,879</u>
Total finance and depreciation expenses	<u>89,981</u>	<u>71,297</u>
Net loss	(332,832)	(153,873)
Partner's equity, beginning of year	<u>455,593</u>	<u>609,466</u>
Partner's equity, end of year	\$ 122,761	\$ 455,593

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

[8] Three Arts Club:

The statements of financial position for this affiliate as of June 30, 2018 and 2017, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	<u>Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 40,504	\$ 33,217
Rents receivable, net	14,737	4,340
Tenant security deposits held	10,437	13,815
Other receivable	23,289	11,641
Prepaid expenses	<u>8,431</u>	<u>26,049</u>
Total current assets	97,398	89,062
Reserves and escrow account	1,074,685	1,074,685
Security deposits	7,165	
Property and equipment, net	<u>42,357,790</u>	<u>42,278,891</u>
	<u>\$ 43,537,038</u>	<u>\$ 43,442,638</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 296,873	\$ 43,607
Accrued interest payable	1,361,497	169,779
Rents received in advance	1,768	
Tenant security deposits held	10,437	13,815
Due to affiliates	<u>432,699</u>	<u>103,357</u>
Total current liabilities	2,103,274	330,558
Long-term debt	<u>43,335,192</u>	<u>43,335,192</u>
Total liabilities	45,438,466	43,665,750
Unrestricted net assets deficit	<u>(1,901,428)</u>	<u>(223,112)</u>
	<u>\$ 43,537,038</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, 2018 and 2017**

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

[8] Three Arts Club: (continued)

	Year Ended June 30,	
	2018	2017
Income:		
Gross potential rent - tenant	<u>\$ 132,695</u>	<u>\$ 29,698</u>
Contribution	20,000	
Other income	<u>785,078</u>	105,159
Total income	<u>937,773</u>	<u>134,857</u>
Expenses:		
Salaries	79,711	28,283
Payroll taxes and employment benefits	23,805	6,770
Professional fees	53,688	5,157
Telephone and internet	4,910	
Administrative expenses	11,912	1,901
Insurance	29,954	5,254
Utilities	108,259	4,516
Supplies	31,412	12,286
Social and recreation expenses	540	676
Food	2,357	1,129
Equipment, maintenance and repair	<u>214,599</u>	<u>15,524</u>
Total expenses	<u>561,147</u>	<u>81,496</u>
Net income before finance and depreciation expenses	<u>376,626</u>	<u>53,361</u>
Finance and depreciation expenses:		
Interest and finance charges	1,192,255	170,269
Depreciation and amortization	<u>862,687</u>	<u>106,204</u>
Total finance and depreciation expenses	<u>2,054,942</u>	<u>276,473</u>
Decrease in unrestricted net assets	(1,678,316)	(223,112)
Unrestricted net assets, beginning of year	<u>(223,112)</u>	<u>0</u>
Unrestricted net assets, end of year	<u>\$(1,901,428)</u>	<u>\$ (223,112)</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

[8] IH Associates:

The statement of financial position for this affiliate as of June 30, 2018, and the statement of its results of operations for the period from October 26, 2017 through June 30, 2018, all of which are consolidated herein, are as follows:

	<u>As of June 30, 2018</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 174,387
Rents receivable, net	223,535
Tenant security deposits held	45,194
Other receivable	7,568
Prepaid expenses	<u>7,447</u>
Total current assets	458,131
Reserves and escrow account	10,553,332
Security deposits	28,690
Property and equipment, net	<u>37,693,734</u>
	<u>\$ 48,733,887</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ 400,391
Accrued interest payable	313,613
Tenant security deposits held	45,194
Due to residents	4,573
Advance rent	11,944
Due to affiliates	513,003
Long term debt current portion	<u>63,572</u>
Total current liabilities	1,352,290
Long-term debt	<u>40,315,154</u>
Total liabilities	41,667,444
Unrestricted net assets	<u>7,066,443</u>
	<u>\$ 48,733,887</u>

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

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

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

[9] IH Associates: (continued)

	<u>Period October 26, 2017 through June 30, 2018</u>
Income:	
Gross potential rent - tenant	\$ 874,064
Less: vacancy loss	<u>(130,816)</u>
Net residential income	<u>743,248</u>
Gross potential rent - commercial	147,577
Gross potential rent - parking	<u>66,850</u>
Total rental income	<u>957,675</u>
In-kind contribution	7,700,000
Interest and other income	<u>138,404</u>
Total income	<u>8,796,079</u>
Expenses:	
Salaries	221,335
Payroll taxes and employment benefits	93,889
Professional fees	51,271
Management fee	41,531
Telephone and internet	2,871
Administrative expenses	7,169
Insurance	51,045
Real estate taxes	101,593
Utilities	258,300
Supplies	9,415
Social and recreation expenses	1,110
Food	106
Bad debt	61,868
Equipment, maintenance and repair	<u>35,988</u>
Total expenses	<u>937,491</u>
Net income before finance and depreciation expenses	<u>7,858,588</u>
Finance and depreciation expenses:	
Accrued interest expense	313,613
Interest and finance charges	219,570
Depreciation and amortization	<u>519,318</u>
Total finance and depreciation expenses	<u>1,052,501</u>
Increase in unrestricted net assets	6,806,087
Unrestricted net assets, October 26, 2017	<u>260,356</u>
Unrestricted net assets, June 30, 2018	<u>\$ 7,066,443</u>