BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.
(A NOT-FOR-PROFIT CORPORATION)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020

Contents

KBL LLP
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Independent Auditor's Report

To the Board of Directors
Banana Kelly Community Improvement Association, Inc.
Bronx, NY

Report on the Financial Statements

We have audited the accompanying financial statements of Banana Kelly Community Improvement Association, Inc. (the "Association") which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

1350 Broadway, Suite 1510, New York, NY 10018 **212.785.9700**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KBL, LLP

KBL, LLP
New York, NY
October 20, 2021

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS		
Current assets		
Cash and cash equivalents	$	899,644
Residents' council-cash		5,867
Rental assistance program receivable		78,884
Accounts receivable		1,302,614
Prepaid expenses		106,740
Total current assets		2,393,749
Property and equipment, net of accumulated depreciation		36,803
Other assets		
Due from buildings		2,127,060
Other receivable		152,665
Development fees receivable		438,125
Total other assets		2,717,850
TOTAL ASSETS	**$**	**5,148,402**
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$	320,281
Loan payable		312,715
SBA loan payable		310,500
Recoverable grant payable		160,000
Residents' council payable		5,867
Total current liabilities		1,109,363
Net assets		
Without donor restrictions		3,816,549
With donor restrictions		222,490
Total net assets		4,039,039
TOTAL LIABILITIES AND NET ASSETS	**$**	**5,148,402**

The accompanying notes are an integral part of these financial statements.

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Rental assistance program fees	$ 139,904	$ -	$ 139,904
In-kind contribution	28,800	-	28,800
Grants and contributions	879,019	510,074	1,389,093
Monitoring, developer and management fees	594,482	-	594,482
Cell tower income	89,370	-	89,370
Rental income	298,666	-	298,666
Total revenue and other support before releases	2,030,241	510,074	2,540,315
Net assets released from restriction	1,049,050	(1,049,050)	-
Total revenue and other support	3,079,291	(538,976)	2,540,315
Expenses			
Rental assistance program	509,805	-	509,805
Resident support/case management services	690,148	-	690,148
Building oversight/asset management	983,587	-	983,587
Management and general	557,699	-	557,699
Total expenses	2,741,239	-	2,741,239
Change in net assets	338,052	(538,976)	(200,924)
Net assets - beginning of year	3,478,497	761,466	4,239,963
Net assets - end of year	$ 3,816,549	$ 222,490	$ 4,039,039

The accompanying notes are an integral part of these financial statements.

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services				Support Services	
	Rental Assistance Program	**Resident Support/Case Management Services**	**Building Oversight/Asset Management**	**Total**	**Management & General**	**Total**
Salaries and wages	$ 142,953	$ 198,067	$ 585,058	$ 926,078	$ 276,268	$ 1,202,346
Payroll taxes and fringe benefits	22,968	33,903	118,311	175,182	61,295	236,477
Professional fees	5,903	73,248	60,574	139,725	89,549	229,274
Cluster site project	-	326,479	-	326,479	-	326,479
Bad debts	-	-	-	-	25,393	25,393
Travel and meetings	694	1,227	2,335	4,256	2,259	6,515
Training and seminars	150	-	-	150	-	150
Postage	1,364	1,478	5,603	8,445	1,894	10,339
Computer and internet expenses	5,519	6,314	79,165	90,998	16,675	107,673
Miscellaneous	-	-	-	-	540	540
Rap rent	298,666	-	-	298,666	-	298,666
Rent	144	156	588	888	28,992	29,880
Insurance	2,862	3,101	11,687	17,650	3,816	21,466
Activity support	3,111	24,410	29,021	56,542	4,596	61,138
Supplies	3,429	3,695	17,056	24,180	4,954	29,134
Equipment rental	2,150	2,329	8,778	13,257	3,082	16,339
Depreciation	-	-	-	-	11,222	11,222
Payroll processing fees	3,747	4,059	15,299	23,105	4,996	28,101
Office expenses	13,200	-	-	13,200	-	13,200
Telephone	2,945	4,588	22,896	30,429	3,799	34,228
Repairs and maintenance	-	7,094	27,216	34,310	18,369	52,679
	$ 509,805	**$ 690,148**	**$ 983,587**	**$ 2,183,540**	**$ 557,699**	**$ 2,741,239**

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities		
Change in net assets	$	(200,924)
Adjustments to reconcile change in net assets		
to net cash used in operating activities		
Depreciation		11,222
(Increase) decrease in operating assets:		
Rental assistance program receivable		(6,951)
Accounts receivable		(464,700)
Developer fees receivable		105,413
Other receivable		55,882
Due from buildings		(523,297)
Prepaid expenses		(35,808)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		39,849
Recoverable grant payable		120,000
Total adjustments		(698,390)
Net cash used in operating activities		(899,314)
Cash flows from financing activities		
Loan payable		9,108
SBA loan payable		310,500
Net cash provided by financing activities		319,608
Net decrease in cash and cash equivalents		(579,706)
Cash and cash equivalents, beginning of year		1,479,350
Cash and cash equivalents, end of year	$	899,644
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income taxes	$	-
Interest expense	$	-

The accompanying notes are an integral part of these financial statements.

1. *THE ASSOCIATION*

Banana Kelly Community Improvement Association, Inc. (the "Association") is a not-for-profit corporation created in November 1978 under the New York State Not-For-Profit Corporation Law. The Association is a not-for-profit and tax-exempt corporation organized to upgrade deteriorated neighborhoods in the City of New York, through the development of affordable housing programs and the provision of educational, cultural, employment, and social services in support of that core housing mission. The Association serves the residents of the South Bronx, providing direct services to approximately 5,000 residents, and support services to the community at large.

In 2019, the Association continued to provide asset management, property management oversight, direct property management services, advocacy, along with organizing ESL, Summer Camp, and after school program and supportive services, and the Association again dedicated itself to residents of its affiliated housing companies (HDFCs) and the community at large. During the year, the Association took on a number of new preservation projects, including projects obtained through the City's Third-party Transfer, ANCP (cooperative), and CLT programs. Working with affiliates we also took on the ownership and management of former Cluster Shelter (homeless) buildings. In 2019, construction continued on the BK Union Avenue cluster, a Low-Income Housing Tax Credit Project, comprising 124 units in five buildings. As of December 31, 2019, the Project was 98% complete. The Association retained the services of LISC to assist in the pre-development work. In addition, in 2018 the Association utilized the services of LISC to apply for the 2019 round of 9% Low Income Tax Credits and was awarded the credits. This project commenced with construction November 2019.

Supportive Housing Program (SHP/RAP)

The Association entered into a renewal contract with the U.S. Department of Housing and Urban Development to develop supportive housing and services that will allow homeless and disabled persons to live as independently as possible. The primary objectives of the program are to help homeless persons meet three overall goals: achieve residential stability, increase their skill levels and/or incomes, and obtain more influence over decisions that affect their lives. A total of 65 individuals among 32 households were assisted through this program.

1. THE ASSOCIATION (CONTINUED)

Resident Support/Case Management Services

The Association provides all of its residents with case management and eviction prevention services. Usually, these services are combined when residents are at risk of eviction, and the Association is then able to also review individual circumstances and fully address the comprehensive needs of families. Furthermore, even for residents not facing eviction, the Association still provides entitlement screening, family support, career advancement, and other services. Most recently, its support services have expanded to include organizing residents into building-specific tenant associations, working with resident leaders through neighborhood-wide Resident's Council, assisting residents in working on broader policy issues for both the improvement of their neighborhoods and for the protection of their rights as tenants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accounting policies of the Association have been designed to conform to U.S. GAAP as applicable to not-for-profit organizations.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. The Association's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by the Association. Generally, the donors of these assets permit Association to use all, or part of the income earned on related investments for general or specific purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

Fair value of financial instruments

The fair value of financial instruments classified as current assets or liabilities approximate their carrying value due to the short-term maturity of the instruments.

Income taxes

The Association is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

The Association has no unrecognized tax benefits at December 31, 2020. The Association's Federal and State tax returns prior to fiscal year 2017 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

Concentration of credit

Financial instruments that potentially expose the Association to concentrations of credit risk consist principally of bank deposits in excess of insurance limits. Cash balances are maintained in a financial institution that, from time to time, exceed the Federal Depository Insurance limit and subject the Association to concentration of credit risk.

The Association does not believe that the concentration of credit risk of bank deposits represents a material risk of loss with respect to its financial position as of December 31, 2020.

Recently issued accounting pronouncements

The Association does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a significant effect on the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Fixed assets are stated at cost. Depreciation is computed using accelerated and straight-line methods over the following periods:

Description	*Estimated useful life*
Furniture and Equipment	5 years
Leasehold Improvements	39 years

Functional allocation of expenses

The costs of providing the various programs and other activities of the Association have been summarized on a functional basis in the statement of activities and changes in net assets, which included all expenses incurred for the year. Accordingly, certain costs have been allocated among the programs and other activities benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable bases.

The expenses that are allocated include the following:

Expense		Method of Allocation
Salary and benefits		Time and Effort
RAP rent		Program Expenses
Rent		Square Footage
Professional fees		Full Time Equivalent
Telephone		Time and Effort
Travel		Time and Effort
Other		Time and Effort

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Non-Profit Organization, Inc.'s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Contracts with Customers Accounted for in Accordance with ASC 606

The Association recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration Association expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, Association combines it with other performance obligations until a distinct bundle of goods or services exists.

Performance obligations are satisfied over time and the related revenue is recognized as services are rendered.

Association's management expects that the period between when Association transfers goods and services to their customers and when their customers pay for these goods and services will be one year or less. Therefore, Association elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Invoices resulting from Association's contracts with customers are generally due within 30 days of the invoice date.

Revenue Recognition Accounted for in Accordance with ASC 605: Topic 958 Not for Profit Entities

Governments grants and contracts

Revenue from government contracts is recognized when qualified expenditures are incurred and conditions under the grant agreements are met. Contract payments in excess of qualified expenses are accounted for as contract advances.

Fundraising event

Fundraising event revenue and expenses are recognized in the period of the event. Fundraising event income received in advance of the event is recorded as deferred revenue and related costs expended prior to the event are recorded as prepaid expenses.

In-kind contributions

Donated property, services and other noncash donations are recorded as contributions at their estimated fair value at the date of the donation. The estimated fair values of the In-Kind contributions are recorded as revenue and expenses at fair-market value in the period in which each contribution was made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution revenue

The Association receives support from individuals, foundations, corporations, and other nonprofit organizations in support of Association's mission, contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Association receives promises to give that have certain conditions such as meeting specific performance-related barriers or limiting Association's discretion on use of the funds. Other contributions may have recoverable features to the promise to give. Such conditional promises to give are recognized when the conditions are substantially met.

Refundable donor advances

A transfer of assets (i.e., cash received) that is related to a conditional contribution is accounted for as a refundable donor advance in accounts payable and accrued expenses in the accompanying statement of financial position until the conditions have been substantially met or explicitly waived by the donor. As a result of the prospective application of ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope of and the Accounting Guidance for Contributions Received and Contributions Made, certain government grants and contracts balances were reclassified from deferred revenue to refundable donor advances as of the effective date of the new standard (January 1, 2019). Other changes in refundable donor advances result from timing differences between payments received from donors and the satisfactions of the conditions within the contracts and grant agreements.

New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB ASC Topic 842, Leases, and supersede the requirements in ASC Topic 840, Leases, ASU 2016-02. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. On April 8, 2020, the FASB voted to defer the effective date of ASU 2016-02 by one additional year. The ASU is now effective for Association's fiscal year ended December 31, 2022. Association has not yet determined the impact of the new standard on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncements (continued)

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958); Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency in the reporting of contributed nonfinancial asset also known as gifts-in-kind, for not -for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021and should be applied on a retrospective basis. Association is evaluating the effect that ASU No. 2020-07 will have on its financial statements and related disclosures.

Recently adopted accounting pronouncements

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. This ASU of its disclosure framework project. This standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019. The adoption of this guidance did not have a material impact on the Association's financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers Association has adopted this retrospective method. Additionally, Association applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transactions price allocated to unsatisfied or partially unsatisfied performance contracts with an expected duration of less than one year. The effect of Association's adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently adopted accounting pronouncements (continued)

The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determine whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed restriction. Association adopted this update on a modified prospective basis and the effects of the adoption are outlined below.

The effect of ASC 606 and ASU 2018-08 on Association's financial statements were examined in conjunction with one another. Prior to the clarification provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. Association reassessed the nature of its revenue-producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that have been classified as exchange transactions in previous years were concluded to be contributions under ASU 2018-08. The following changes in accounting policies occurred, during the year ended December 31, 2019, as a result of the implementation of the ASC 606 and ASU 2018-08.

Association revenue from government grants and contracts were previously accounted for as exchange transactions since the arrangement with the customer benefitted the general public, and revenue was recognized as expenses were incurred. Under ASU 2018-08, Association revenue from government contracts are considered contributions because the customer does not receive commensurate value for the consideration received by Association; rather, the purpose of these arrangements is for the benefit of the general public. Therefore, Association management conclude that the agreements are conditional due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of approach, there was no material change in the revenue recognition for government grants and contracts. Under ASU 2018-08, refundable advances recorded related to government grants and contracts. In accordance with the prospective transition approach in ASU 2018-08, the deferred revenue balances were reclassified to refundable advances on January 1, 2019.

Contribution revenue and trusts and bequests were accounted for under ASC Topic 958-605, Not-for-Profit entities, Revenue Recognition, before the implementation of the new standards. With the clarifications, outlined in ASU 2018-08, Association management reviewed existing agreements as of the effective date, as well as new agreements for 2019, and concluded that there are no material changes in revenue related to contributions, trusts, and bequests.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently adopted accounting pronouncements (continued)

In addition, Association elected the net asset release policy option for contributions with donor restrictions that were initially conditional contributions. As part of this election, Association reports contributions restricted by donors (that were conditional in nature) as increases in net assets without donor restrictions if the conditions are met and the restrictions expire in the reporting period in which the revenue is recognized. Association has not changed its policy for unconditional contributions such that Association reports contributions restricted by donors (that were unconditional in nature) as increases in net assets with donor restrictions. When the donor restriction expires on and unconditional contribution, the release is reported as net assets released from donor restrictions in the consolidated statement of activities.

As part of ASU 2018-08, Association elected to early-adopt the standards for “contributions made” using the prospective approach to adoption. For awards made to other organizations prior to the effective date (July 1, 2018) that were considered to be unconditional in nature, Association continues to report these contributions made as “accounts payable and accrued expenses” in the statement of financial position. As payments are made to the recipients of those grants, the accounts payable and accrued expensed balance is reduced. Awards made to other organizations that are conditional in nature are not recorded as expenses until the condition has been satisfied. Payments made in advance to other organizations for which conditions have not yet been satisfied are classified as “ third-party advances” in the consolidated statement of activities and the third-party advances are reduced. As of December 31, 2020, Association did not make any payments in advance.

Subsequent events

The Association evaluated events occurring between the end of its fiscal year, December 31, 2020, and October 20, 2021, when the financial statements were issued.

NOTE 3 – LIQUIDITY

The Association's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents		$ 899,644
Rental assistance program receivable		78,884
Accounts receivable		1,302,614
Prepaid expenses		106,740
		$ 2,387,882

Association manages its financial assets to be available as its operating expenditures, liability and other obligations come due.

NOTE 4 - NET ASSETS - WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020:			
	Resident Support/Case Management Services		
		Program Services	$ 222,490

NOTE 5 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2020. Depreciation expense for the year then ended was $11,222.

Building improvements	$ 25,785
Machinery and equipment	156,985
	182,770
Less: Accumulated depreciation	145,967
	$ 36,803

NOTE 6 - DUE FROM BUILDINGS

As of December 31, 2020, due from buildings consists of the followings:

1244-46 Westchester Avenue, HDFC	$ 101,012
783 Beck Street, HDFC	457,841
788 Fox Street, HDFC	179,705
850 Longwood Avenue, HDFC	119,997
866 Beck Street, HDFC	142,986
Banana Kelly Longwood, HDFC	263,320
Banana Kelly Prospect Avenue, HDFC	223,650
Banana Kelly Union, HDFC	83,760
Maria & Berardo Houses, HDFC	314,170
BK Simpson Dawson, HDFC	61,625
830 Fox Street, HDFC	47,943
824-834 E 161st Street, HDFC	13,408
Other	117,643
	$ 2,127,060

In January 2016, the Association started receiving regular payments from cash flow in order for its various affiliated housing entities to pay down their receivables. This has been sporadic based upon cash flow in some of the buildings. However, having been awarded financing on two of the projects and also due to improved cash flow, it is projected that the extent of the receivables will be reduced by about a third in 2021 and 2022.

NOTE 7 - DEVELOPMENT FEES RECEIVABLE

As of December 31, 2020, development fees are due from the following HDFC's:

Banana Kelly Home Street, HDFC	$ 118,481
East Harlem, CLT	214,075
BK Simpson Dawson, LP	39,212
Maria & Berardo Houses, HDFC	66,357
	$ 438,125

Based upon the City’s approval of financing for Home Street, the $118,481 is now a questionable receivable and will likely be written off in 2021.However, based upon this same financing, the Association is scheduled to receive in excess of $2 million in new developer fees. It is anticipated that the fees due from Simpson Dawson will be entirely paid off by the end of 2021. It is likely that the developer fees for Maria Berardo will be written off in 2021 as well.

NOTE 8 - OTHER RECEIVABLE

The association paid expenses on behalf of various buildings, which are reflected as other receivables on the financial position.

NOTE 9 – RESIDENT'S COUNCIL PAYABLE

The Association actively supports resident participation in its housing and activities. To that end, the Association has organized a Resident's Council that works with staff and boards on issues, engages in grass roots fundraising, and also oversees the use of our community space. Excess funds generated from these events go into a segregated account that is utilized pursuant to the priorities set by the Resident's Council. Such priorities thus far have ranged from holiday parties to the installation of security cameras in many of our buildings.

NOTE 10 – IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following:

Office Space	$	28,800

NOTE 11 – OPERATING LEASE

The Association leased office space under a 10-year lease that began June 1, 2012. The base monthly rent is $100. The lease will expire on May 31, 2022. The Company paid $1,200 in office rent for 2020. Future minimum lease payments are as follows:

December 31, 2021	$	1,200
2022		500
	$	2,900

NOTE 12 - RECOVERABLE GRANT PAYABLE

The association received a 3-year grant of $375,000 ($125,000 each year) from Deutsche Bank, for support of the working capital 9 program. As part of the grant agreement, $255,000 will be recognized as grant income, and $120,000 will be paid back to the funder. $160,000 is the outstanding balance on the recoverable grant payable as of December 31, 2020. The Association made first grant payable payment of $40,000 in April 2018 and second grant payable payment of $40,000 in March 2019 as per the grant agreement. The third and final grant payment was made in October 2020, but the check was not cashed by Deutche bank and the amount of $40,000 is reflected as recoverable grant payable.

In December 2017, the association received an additional 3-year grant of $375,000 ($125,000 each year) from Deutsche Bank, for support of the working capital 10 program. As part of the grant agreement, $255,000 will be recognized as grant income, and $120,000 will be paid back to the funder.

NOTE 13 – LITIGATION

In December 2011, the Association commenced action against former property manager, Schur Management Company, Ltd. ("Schur") in Bronx County Supreme Court, seeking injunctive relief and money damages for breach of contract. Schur filed an action against the Association at around the same time seeking injunctive relief and money damages for breach of contract. Both have been consolidated. As a result of the litigation, the Association was able to take possession of its tenant's files and other books and records from Schur, and Schur was initially required to turn over rent money it had been improperly withholding from the Association.

Pursuant to court order, the Association was required in April-May 2018 to deposit the sum of $232,625 into an escrow account under the control of the law firm as escrow agent (the "Escrow Sum"). The Escrow Sum, which represents rents collected by Schur after it was terminated as property manager, and which was turned over to the Association pursuant to prior order, is to be kept in escrow pending a final determination of the parties' respective claims.

The Association evaluation of this matter as a loss contingency is remote. That is, the chance of the likelihood of an unfavorable outcome is not likely to occur, and, to the extent that it does occur, the Association believes that our exposure is adequately covered by the amount held by its attorneys in escrow.

NOTE 14 - COVID-19

During the year of 2020, Coronavirus Disease (COVID-19) has begun causing major disruptions to the economy. The financial impacts to the Association may likely result in significantly reduced revenues for at least the few next quarters of 2021, and possibly beyond. Management is monitoring the situation closely and expects to make needed changes to its operations should circumstances warrant in order to mitigate any negative long-term financial impacts on the Association. The Association received a loan under the Paycheck Protection Program (PPP-1) from the Small Business Administration Management in the amount of $310,500 on May 5, 2020. Under the terms of this loan, if certain provisions were met within 24 weeks of obtaining this loan, part or all of this loan will be forgiven. The loan was forgiven on May 21, 2021.