

**Brighton Beach Housing Development
Fund Company, Inc.
HUD Project No. 012-11279**

Financial Statements and
Supplementary Information

June 30, 2018 and 2017



BAKER TILLY

Candor. Insight. Results.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Table of Contents
June 30, 2018 and 2017

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	5
Statements of Cash Flows	7
Notes to Financial Statements	9
Supplementary Information	
Supplementary Data Required by HUD	17
Schedule of Expenditures of Federal Awards	24
Notes to Schedule of Expenditures of Federal Awards	25
Internal Control and Compliance Reports	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	28
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Year's Audit Findings	31
Mortgagor's Certification	32
Managing Agent's Certification	33

Independent Auditors' Report

Board of Trustees
Brighton Beach Housing Development Fund Company, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Brighton Beach Housing Development Fund Company, Inc. (the "Corporation"), HUD Project No. 012-11279, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years 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 the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation 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.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information required by HUD included in the report (shown on pages 17 to 23) is presented for purposes of additional analysis and is not a required part of the financial statements. The aforementioned information has been prepared in the prescribed format and following the instructions of the United States Department of Housing and Urban Development. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Statements of Financial Position
June 30, 2018 and 2017

		<u>2018</u>	<u>2017</u>
Assets			
Current Assets			
1120	Cash, operations	\$ 228,869	\$ 285,310
1130	Tenant accounts receivable	2,899	5,112
1131	Allowance for doubtful accounts	-	(798)
1140	Accounts and notes receivable, operations	-	14,999
1200	Prepaid expenses	<u>179,302</u>	<u>189,650</u>
1100T	Total current assets	<u>411,070</u>	<u>494,273</u>
Deposits Held in Trust, Funded			
1191	Tenant deposits	<u>36,383</u>	<u>36,595</u>
Restricted Deposits and Funded Reserves			
1310	Escrow deposits	271,972	167,821
1320	Reserve for replacements	523,128	427,632
1340	Residual receipts reserve	<u>70,153</u>	<u>70,069</u>
1300T	Total restricted deposits and funded reserves	<u>865,253</u>	<u>665,522</u>
Fixed Assets			
1410	Land and improvements	644,423	593,923
1420	Buildings	12,459,375	12,364,361
1440	Building equipment, portable	128,193	128,193
1460	Furnishings	24,870	24,870
1465	Office furniture and equipment	92,337	61,119
1490	Miscellaneous fixed assets	<u>-</u>	<u>34,502</u>
1400T	Total fixed assets	13,349,198	13,206,968
1495	Less accumulated depreciation	<u>(9,318,268)</u>	<u>(8,892,896)</u>
1400N	Net fixed assets	<u>4,030,930</u>	<u>4,314,072</u>
1000T	Total assets	<u>\$ 5,343,636</u>	<u>\$ 5,510,462</u>

See notes to financial statements

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Statements of Financial Position
June 30, 2018 and 2017

		<u>2018</u>	<u>2017</u>
Liabilities and Net Assets			
Current Liabilities			
2110	Accounts payable, operations	\$ 158,537	\$ 169,530
2116	Accounts payable, Section 8 and other	2,027	2,989
2120	Accrued wages payable	25,798	22,570
2121	Accrued payroll taxes payable	2,418	1,727
2123	Accrued management fee payable	4,000	-
2131	Accrued interest payable, first mortgage	21,413	22,000
2170	Mortgage payable, first mortgage, current maturities	196,059	188,891
2190	Miscellaneous current liabilities	31,569	31,569
2210	Prepaid revenue	5,069	6,912
		<u>446,890</u>	<u>446,188</u>
2122T	Total current liabilities		
Deposits Liabilities			
2191	Tenant deposits held in trust (contra)	<u>36,383</u>	<u>36,595</u>
Long-Term Liabilities			
2320	Mortgage payable, first mortgage, net of current maturities	6,692,813	6,888,872
2340	Debt issuance costs	<u>(10,156)</u>	<u>(10,602)</u>
2300T	Total long-term liabilities	<u>6,682,657</u>	<u>6,878,270</u>
2000T	Total liabilities	<u>7,165,930</u>	<u>7,361,053</u>
Net Assets			
3131	Unrestricted net assets	(1,902,424)	(1,930,721)
3132	Temporarily restricted net assets	<u>80,130</u>	<u>80,130</u>
3130	Total net assets	<u>(1,822,294)</u>	<u>(1,850,591)</u>
2033T	Total liabilities and net assets	<u>\$ 5,343,636</u>	<u>\$ 5,510,462</u>

See notes to financial statements

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Statements of Activities

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Rental Revenue		
5120	\$ 460,758	\$ 446,810
5121	2,119,168	2,103,702
5170	2,160	2,160
	<u>2,582,086</u>	<u>2,552,672</u>
5100T	Total rental revenue	2,552,672
Vacancies		
5220	(31,501)	(16,413)
5270	(300)	(160)
	<u>(31,801)</u>	<u>(16,573)</u>
5200T	Total vacancies	(16,573)
5152N	2,550,285	2,536,099
Financial Revenue		
5430	84	84
5440	567	679
	<u>651</u>	<u>763</u>
5400T	Total financial revenue	763
Other Revenue		
5910	5,126	5,065
5920	2,573	1,939
5990	14,070	13,931
	<u>21,769</u>	<u>20,935</u>
5900T	Total other revenue	20,935
5000T	2,572,705	2,557,797
Expenses		
Administrative Expenses		
6203	4,192	1,235
6204	244	-
6250	861	797
6310	86,821	80,779
6311	50,946	43,078
6320	109,956	109,956
6330	32,428	46,691
6331	20,556	19,248
6340	2,197	1,648
6350	13,500	12,000
6351	38,348	40,791
6370	2,559	2,012
6390	38,874	3,366
	<u>401,482</u>	<u>361,601</u>
6263T	Total administrative expenses	361,601
Utilities Expenses		
6450	45,049	46,203
6451	34,451	41,019
6452	66,943	60,624
6453	54,778	65,219
	<u>201,221</u>	<u>213,065</u>
6400T	Total utilities expenses	213,065

See notes to financial statements

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Statements of Activities

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating and Maintenance Expenses		
6510 Payroll	\$ 63,560	\$ 81,466
6515 Supplies	59,845	66,359
6520 Contracts	240,594	131,535
6530 Security payroll/contract	158,988	153,210
6546 Heating/cooling repairs and maintenance	50,026	35,359
6500T Total operating and maintenance expenses	<u>573,013</u>	<u>467,929</u>
Taxes and Insurance		
6710 Real estate taxes	311,862	317,313
6711 Payroll taxes (project's share)	18,398	18,952
6720 Property and liability insurance (hazard)	93,995	89,557
6722 Workmen's compensation	9,747	9,417
6723 Health insurance and other employee benefits	63,593	120,693
6790 Miscellaneous taxes, licenses, permits and insurance	374	2,416
6700T Total taxes and insurance expense	<u>497,969</u>	<u>558,348</u>
Financial Expense		
6820 Interest on first mortgage payable	260,652	267,579
6850 Mortgage insurance premium/service charge	31,389	32,225
6890 Miscellaneous financial expenses	-	84
6800T Total financial expense	<u>292,041</u>	<u>299,888</u>
6900 Nursing home/assisted living/board and care/ other elderly care expenses	<u>153,310</u>	<u>154,789</u>
6000T Total cost of operations before depreciation	<u>2,119,036</u>	<u>2,055,620</u>
5060T Profit before depreciation	<u>453,669</u>	<u>502,177</u>
Depreciation		
6600 Depreciation expense	<u>425,372</u>	<u>392,523</u>
Total depreciation	<u>425,372</u>	<u>392,523</u>
5060N Operating profit after depreciation	28,297	109,654
Corporate or mortgagor entity revenue		
7105 Entity revenue	-	<u>(22,925)</u>
Total expenses	<u>2,544,408</u>	<u>2,425,218</u>
3250 Change in net assets	28,297	132,579
Unrestricted Net Assets, Beginning of Year	<u>(1,930,721)</u>	<u>(2,063,300)</u>
Unrestricted Net Assets, End of Year	<u>(1,902,424)</u>	<u>(1,930,721)</u>
Temporarily Restricted Net Assets, Beginning of Year	<u>80,130</u>	<u>80,130</u>
Temporarily Restricted Net Assets, End of Year	<u>80,130</u>	<u>80,130</u>
Net Assets, End of Year	<u>\$ (1,822,294)</u>	<u>\$ (1,850,591)</u>

See notes to financial statements

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
S1200-010 Rental receipts	\$ 2,526,742	\$ 2,518,672
S1200-020 Interest receipts	651	763
S1200-030 Other operating receipts	<u>36,768</u>	<u>20,935</u>
S1200-040 Total receipts	<u>2,564,161</u>	<u>2,540,370</u>
S1200-050 Administrative expenses paid	(122,039)	(116,320)
S1200-070 Management fees paid	(105,956)	(118,956)
S1200-090 Utilities paid	(200,424)	(215,986)
S1200-100 Salaries and wages paid	(338,569)	(356,768)
S1200-110 Operating and maintenance paid	(379,260)	(400,548)
S1200-120 Real estate taxes paid	(312,793)	(317,313)
S1200-140 Property insurance paid	(93,995)	(89,557)
S1200-150 Miscellaneous taxes and insurance paid	-	(2,246)
S1200-170 Other operating expenses paid	(244,731)	(303,851)
S1200-180 Interest paid on first mortgage	(261,239)	(268,145)
S1200-210 Mortgage insurance premium paid	(30,744)	(31,604)
S1200-225 Entity/construction disbursements	<u>-</u>	<u>(10,999)</u>
S1200-230 Total disbursements	<u>(2,089,750)</u>	<u>(2,232,293)</u>
S1200-240 Net cash provided by operating activities	<u>474,411</u>	<u>308,077</u>
Cash Flows from Investing Activities		
S1200-245 Net deposits to mortgage escrows	(104,151)	(43,495)
S1200-250 Net (deposits to) withdrawals from reserve for replacements	(95,496)	203,885
S1200-260 Net deposits to residual receipts reserve	(84)	(84)
S1200-330 Net purchases of fixed assets	<u>(142,230)</u>	<u>(355,224)</u>
S1200-350 Net cash used in investing activities	<u>(341,961)</u>	<u>(194,918)</u>
Cash Flows from Financing Activities		
S1200-360 Mortgage principal payments, first mortgage	<u>(188,891)</u>	<u>(181,986)</u>
S1200-460 Net cash used in financing activities	<u>(188,891)</u>	<u>(181,986)</u>
S1200-470 Net decrease in cash	(56,441)	(68,827)
S1200-480 Cash, Beginning of Year	<u>285,310</u>	<u>354,137</u>
S1200T Cash, End of Year	<u>\$ 228,869</u>	<u>\$ 285,310</u>

See notes to financial statements

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Significant Noncash Investing and Financing Activities		
Contributed rental property improvements	\$ -	\$ 22,925
Additions to rental property included in accounts payable, operations	\$ -	\$ 10,999
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
3250 Change in net assets	\$ 28,297	\$ 132,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
6600 Depreciation	425,372	392,523
S1200-486 Interest expense on debt issuance cost	446	447
S1200-600 Bad debts	2,559	2,012
S1200-600 Residual receipts obligation	-	84
S1200-600 Contributed rental property improvements	-	(22,925)
Changes in asset and liability accounts:		
(Increase) decrease in assets:		
S1200-490 Tenant accounts receivable	(1,144)	(1,138)
S1200-500 Accounts and notes receivable, operations	14,999	(14,999)
S1200-520 Prepaid expenses	10,348	(13,641)
S1200-530 Tenant deposits funded	212	(1,222)
Increase (decrease) in liabilities:		
S1200-540 Accounts payable	(11,955)	(165,806)
S1200-560 Accrued liabilities	7,919	(3,452)
S1200-570 Accrued interest payable	(587)	(566)
S1200-580 Tenant deposits held in trust	(212)	1,222
S1200-590 Prepaid revenue	(1,843)	2,959
Total adjustments	446,114	175,498
S1200-610 Net cash provided by operating activities	\$ 474,411	\$ 308,077

See notes to financial statements

Brighton Beach Housing Development Fund Company, Inc.

HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

1. Description of the Organization

Brighton Beach Housing Development Fund Company, Inc. (the "Corporation") is a non profit corporation created in 1980 pursuant to Article XI of the Private Housing Finance Law. Its primary purpose is to develop and to operate housing and auxiliary facilities for low income older adults under Section 202, a U.S. Department of Housing and Urban Development ("HUD") program that provides capital advances to private, nonprofit sponsors to finance the development of housing for elderly residents. Such projects are regulated by HUD as to rent charges and operating methods. The project consists of 154 units located in Brooklyn, New York and is currently operating under the name of Scheuer House of Brighton Beach.

JASA Corporation is the sole member of and wholly controls the Corporation. JASA Corporation also wholly controls nine other housing entities, the Jewish Association for Services for the Aged ("JASA"), JASA Housing Management Services for the Aged, Inc. ("JHM"), and One Stop Senior Services in its capacity as their sole member. The Corporation is related to JASA Corporation and the above-listed entities by this control.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Corporation prepared the financial statements on the accrual basis of accounting. Also, the Corporation presents its financial statements following the generally accepted accounting principles in the United States of America. Under this guidance, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Furthermore, information is required to segregate program service expenses from management and general expenses.

Contributions received, if any, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less on the date of purchase to be cash equivalents.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

Accounts Receivable and Allowance for Doubtful Accounts

The Corporation reports tenant accounts receivable and accounts receivable net of an allowance for doubtful accounts. Management's basis for its estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2017, balance of the allowance for doubtful accounts was \$798. There was no allowance deemed necessary as of June 30, 2018.

Fixed Assets and Depreciation

The Corporation carries fixed assets at cost. Management uses the straight-line method of depreciation and expenses depreciation equally each year over the useful lives of the assets. It is the Corporation's policy to capitalize items of \$5,000 or greater. Useful lives range from 10 to 40 years.

Impairment of Long-Lived Assets

The Corporation reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When reviewing recovery, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The Corporation did not recognize any impairment loss during the years ended June 30, 2018 and 2017.

Deferred Financing Costs

The Corporation amortizes financing costs as interest expense over the term of the related loan using the straight-line method, which approximates the effective interest method. Interest expense for the years ended June 30, 2018 and 2017 was \$446 and \$447, respectively.

Revenue

Rental Income

The Corporation's revenue is derived principally from rent on its affordable housing apartments. Rental payments come directly from tenants as well as from HUD via a housing subsidy for low-income tenants.

The Corporation recognizes rental income as it becomes due. Rental payments received in advance of their due date are deferred until earned. Leases between the Corporation and its tenants are operating leases.

Brighton Beach Housing Development Fund Company, Inc.

HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

Grant Income

The Corporation was also awarded a grant from the Fund for the City of New York. See Note 7. Revenue was recognized as the funds became unconditionally committed for a specific purpose. Unspent funds remain as temporarily restricted net assets.

Income Taxes

The Corporation has applied for and received a tax-exemption under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2018 or 2017. Due to its tax-exempt status, the Corporation is not subject to income taxes. The Corporation is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions requiring disclosure.

Subsequent Events

Management evaluated subsequent events through September 28, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that had a material impact on the Corporation's financial statements.

3. Mortgage Payable

On February 15, 2006, the Corporation obtained a loan in the amount of \$8,351,200 from Love Funding Corporation. The mortgage note was insured by HUD and secured by a mortgage. The note bore interest at the rate of 5.95% per annum. Principal and interest were payable by the Corporation in monthly installments of \$47,338 through maturity on March 1, 2041.

On August 27, 2014, the Corporation entered into a modification of the mortgage note with the lender. The balance at the time of the refinancing was \$7,576,287. The mortgage continues to be insured by HUD and is secured by a mortgage on the property. The note bears interest at the rate of 3.73% per annum. Principal and interest are payable by the Corporation in monthly installments of \$37,474 through maturity on March 1, 2041. As of June 30, 2018 and 2017, the outstanding principal and accrued interest balances were \$6,888,872 and \$7,077,763, and \$21,413 and \$22,000, respectively.

Under agreements with the mortgage lender and HUD, the Corporation is required to make monthly escrow deposits for taxes, insurance and replacement of project assets. The Corporation is also subject to restrictions as to operating policies, rental charges, operating expenditures and distributions. Finally, HUD requires that the Corporation use the funds saved by a reduction in the debt service cost for programs and building improvements for the benefit of the tenants.

The Corporation is required to expend \$264,102 annually. If there is any unspent portion, HUD requires the Corporation to deposit it into the replacement reserve for the subsequent year. For the years ended June 30, 2018 and 2017, \$153,310 and \$154,789, respectively, were used for program services and are included in the statements of activities as "nursing home/assisted living and other elder care expenses." As of June 30, 2017, a deposit of \$81,590 was due to the replacement reserve, which was deposited by the Corporation for the year ended June 30, 2018.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

Aggregate annual maturities of the mortgage payable over each of the next five years and thereafter are as follows:

Years ending June 30:

2019	\$	196,059
2020		203,498
2021		211,220
2022		219,234
2023		227,552
Thereafter		<u>5,831,309</u>
Total	\$	<u>6,888,872</u>

4. Restricted Deposits and Funded Reserves

Reserve for Replacements

Under provisions of the HUD regulatory agreement, the Corporation is required to make monthly deposits of \$14,138, of which \$9,864 is a requirement of the Corporation's 2014 refinancing (see Note 3), to a replacement reserve escrow account which consists of restricted cash that the Corporation can use for the replacement of property and equipment. The use of these funds requires prior approval from HUD. As of June 30, 2018 and 2017, the balance in the reserve for replacements was \$523,128 and \$427,632, respectively. For the years ended June 30, 2018 and 2017, HUD approved replacement withdrawals were \$156,317 and \$451,307, respectively.

Escrow Deposits

Under the provisions of the mortgage agreement, the Corporation is required to make monthly deposits of \$37,307 into an escrow account managed by the lender for insurance and mortgage insurance premiums. Funds are released from the escrow account to pay the mortgage and property insurance. As of June 30, 2018 and 2017, the balance in the escrow account was \$271,972 and \$167,821, respectively.

Residual Receipts Reserve

The Corporation is required by HUD to deposit surplus cash, as defined by HUD, into a residual receipts reserve to be used for capital improvements. The use of these funds requires prior approval from HUD. As of June 30, 2018 and 2017, the balance in the residual receipts reserve was \$70,153 and \$70,069, respectively. For the years ended June 30, 2018 and 2017, the Corporation made no withdrawals.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

5. Related Party Transactions

Jewish Association for Services for the Aged ("JASA")

The Corporation is a participant in a general insurance plan with JASA, sponsored by the UJA-Federation, which also includes health insurance and worker's compensation. Property and liability insurance expense for the years ended June 30, 2018 and 2017 were \$93,995 and \$89,557, respectively. Worker's compensation, short-term disability, and health insurance for the years ended June 30, 2018 and 2017 were \$56,829 and \$115,534, respectively.

JASA pays the Corporation a license fee for the use of space for a community services facility located at the site. License fee revenue for the years ended June 30, 2018 and 2017 was \$13,793 and \$13,752, respectively, and is included in "miscellaneous revenue" on the statements of activities.

JASA is a participant in a multi-employer, defined-benefit retirement plan sponsored by the UJA-Federation. The Corporation does not make any direct contributions to the plan on behalf of its employees; however, JASA made contributions to the plan for its employees and the Corporation's employees. For the years ended June 30, 2018 and 2017, the Corporation reimbursed JASA for pension costs for \$14,856 and \$12,516, respectively.

JASA provides a service coordinator at the Project and is reimbursed from the Corporation's debt service savings account. For the years ended June 30, 2018 and 2017, the Corporation reimbursed JASA for \$71,880 and \$76,485, respectively, of service coordinator costs.

As of June 30, 2018 and 2017, \$61,208 and \$13,985, respectively, remain due to JASA and are included in "accounts payable - operations" on the statements of financial position.

JASA Housing Management Services for the Aged, Inc. ("JHM")

JHM manages the rental property under a management agreement approved by HUD. The management agreement provides for a management fee of \$59.50 per unit per month. Management fees earned for the years ended June 30, 2018 and 2017 were \$109,956, respectively.

The Corporation pays a HUD-approved monthly fee to JHM for accounting and bookkeeping services. These expenses for the years ended June 30, 2018 and 2017 were \$33,720 and \$34,524, respectively.

As of June 30, 2018, \$4,000 remained due to JHM and is included as "accrued management fee payable" on the statements of financial position. There was no amount due to JHM as of June 30, 2017.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

6. Housing Assistance Payment ("HAP") Contract

HUD has contracted with the Corporation pursuant to Section 8 of the Housing Act of 1937 to make housing assistance payments to the Corporation on behalf of qualified tenants. The agreement expires October 5, 2022. For the years ended June 30, 2018 and 2017, rental assistance payments of \$2,119,168 and \$2,103,702, respectively, were earned under the terms of the agreement.

7. Post-Hurricane Sandy Resiliency Grant

In 2013, the Corporation received a grant from the Fund for the City of New York for \$95,000 which was included in the "other revenue" on the statements of activities. The grantor restricted the funds for resiliency planning (equipping the building to reduce the impact of future natural disasters), which are included as temporarily restricted net assets. For the years ended June 30, 2018 and 2017, no expenses were incurred. As of June 30, 2018 and 2017, the remaining balance of restricted funds from this grant was \$80,130.

8. Post-Hurricane Sandy Resiliency Contributions by JASA

During fiscal year 2015, JASA obtained a cost reimbursement Social Service Block Grant (the "SSBG") from the New York State Office for the Aging. The purpose of the grant was to allow JASA to incur resiliency costs to better prepare its eight housing entities at that time for potential future weather events like Hurricane Sandy. JASA incurs the costs under various contracts with unrelated third parties and simultaneously contributes the resulting assets to the housing entities. The assets contributed are recorded as contribution revenue and as additions to the rental property at fair value. During the year ended June 30, 2017, noncash contributions of \$22,925 were recognized by the Corporation as "entity revenue" on the statements of activities. The SSBG ended on June 30, 2018.

9. Functional Expenses

The costs of providing various programs and other activities for the years ended June 30, 2018 and 2017 are summarized on a functional basis as follows:

	<u>2018</u>	<u>2017</u>
Program services, HUD-assisted elderly housing project	\$ 2,289,981	\$ 2,236,940
Management and general	<u>254,427</u>	<u>211,203</u>
Total	<u>\$ 2,544,408</u>	<u>\$ 2,448,143</u>

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

10. Liability for HUD Use of Excess Balance of Residual Receipts

In connection with its HAP contract, HUD has notified the Corporation that in accordance with Notice H-2012-14 ("Notice"), which was issued by HUD on August 3, 2012, any balance in its residual receipts reserve account in excess of \$38,500, which represents \$250 per unit times a total of 154 units (the "Retained Balance"), will be used by HUD to offset HAP payments. Under the Notice, the Corporation would be allowed to retain up to the amount of its Retained Balance for general project purposes.

As of June 30, 2018 and 2017, the Corporation had a liability of \$31,569, which reflects the Retained Balance. The liability includes an accrual for the amount, if any, of surplus cash that is required to be deposited into the residual receipts account after the end of the year.

11. Concentrations of Credit Risk

The Corporation maintains its cash balances in several accounts in one bank. The Federal Deposit Insurance Corporation insures the cash balances up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Corporation has not experienced any losses concerning its bank balances more than government-provided insurance. Management believes that no significant concentration of credit risk exists concerning these cash balances as of June 30, 2018.

12. Commitments and Contingencies

The Corporation has entered into a Housing Assistance Payments contract under the revised regulations of 24 Code of Federal Regulations (CFR). As such, upon termination of the contract, whether initiated by the Corporation opting out of the contract or by HUD, any unused balance in the residual receipts reserve must be remitted to HUD.

The Corporation applied for and received awards from Federal Emergency Management Agency ("FEMA") to cover damages that were sustained to the property during Hurricane Sandy. Subsequent to the FEMA application submission, JASA received a lump sum insurance settlement that was allocated across all of its corporations. Management believes that FEMA may request the reimbursement of its award to the extent damages covered by FEMA may have also been covered by the allocation of the insurance settlement resulting in a contingent liability to FEMA. At this time, management is unable to reasonably estimate such liability.

Under the Corporation's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Corporation about transactions relating to these contracts. The accompanying financial statements contain no provision for possible disallowances resulting from such reviews. Although such possible disallowances could be substantial, in the opinion of management, actual disallowances resulting from such reviews, if any, would be immaterial.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Notes to Financial Statements
June 30, 2018 and 2017

13. Current Vulnerability Due to Certain Concentrations

The Corporation's principal asset is a 154-unit apartment project. The Corporation's operations are concentrated in the multi-family real estate market. Also, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Supplementary Data Required by HUD

Statement of Activities Data

Year Ended June 30, 2018

S1000-010	Total first mortgage (or bond) principal payments required during the audit period (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.	<u>\$ 188,891</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 169,656</u>
S1000-030	Replacement reserves, or residual receipts and releases which are included as expense items on the statements of activities.	<u>\$ 128,461</u>

See independent auditors' report

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Supplementary Data Required by HUD

Reserve Accounts Data

Year Ended June 30, 2018

Reserve for Replacements

1320P	Balance, beginning of year	\$	427,632
1320DT	Total monthly deposits		169,656
1320ODT-010	Deposit of unused interest savings funds, 2017		81,590
1320INT	Interest income		567
1320WT	Approved withdrawals		<u>(156,317)</u>
1320	Balance, end of year	\$	<u>523,128</u>

Residual Receipts Reserve

1340P	Balance, beginning of year	\$	70,069
1340INT	Interest income		<u>84</u>
1340	Balance, end of year	\$	<u>70,153</u>

See independent auditors' report

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Supplementary Data Required by HUD

Surplus Cash Data

Year Ended June 30, 2018

Surplus Cash, Distributions and Residual Receipts

S1300-010	Cash	<u>\$ 265,252</u>
S1300-040	Total cash	<u>265,252</u>
S1300-050	Accrued mortgage interest payable	21,413
S1300-075	Accounts payable (due within 30 days)	160,564
S1300-100	Accrued expenses (not escrowed)	32,216
2210	Prepaid revenue	5,069
2191	Tenant deposits held in trust	36,383
S1300-120	Restricted funds received but unspent (Superstorm Sandy)	80,130
S1300-120	Required deposit to replacement reserve due to unspent interest savings	<u>90,694</u>
S1300-140	Total current obligations	<u>426,469</u>
S1300-150	Surplus cash (deficiency)	<u>\$ (161,217)</u>
S1300-210	Deposit due residual receipts reserve	<u>\$ -</u>

See independent auditors' report

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Supplementary Data Required by HUD
 Fixed Assets Data
 Year Ended June 30, 2018

		Assets			
		<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
1410	Land and Improvements	\$ 593,923	\$ 50,500	\$ -	\$ 644,423
1420	Buildings	12,364,361	95,014	-	12,459,375
1440	Building Equipment, Portable	128,193	-	-	128,193
1460	Furnishings	24,870	-	-	24,870
1465	Office Furniture and Equipment	61,119	31,218	-	92,337
1490	Miscellaneous Fixed Assets	34,502	88,157	(122,659)	-
1400T	Total fixed assets	<u>\$ 13,206,968</u>	<u>\$ 264,889</u>	<u>\$ (122,659)</u>	<u>\$ 13,349,198</u>
1495	Total accumulated depreciation	<u>\$ 8,892,896</u>	<u>\$ 425,372</u>	<u>\$ -</u>	<u>\$ 9,318,268</u>
1400N	Total net book value	<u>\$ 4,314,072</u>			<u>\$ 4,030,930</u>
		<u>Amount</u>			
1410AT	Additions for 1410 Details				
	Re-pave parking lot	\$ 45,000			
	Restore pavement	5,500			
		<u>\$ 50,500</u>			
		<u>Amount</u>			
1420AT	Additions for 1420 Details				
	Paint stairwell	\$ 14,504			
	Renovate men's and women's restrooms	52,000			
	Install new water heater	15,100			
	Install new plumbing	7,430			
	Install new heat timer	5,980			
		<u>\$ 95,014</u>			
		<u>Amount</u>			
1465AT	Additions for 1465 Details				
	Purchase tractor	\$ 31,218			
		<u>\$ 31,218</u>			
		<u>Amount</u>			
1490AT	Additions for 1490 Details				
	Construction-in-progress, plumbing upgrade	\$ 7,430			
	Construction-in-progress, pave parking lot	45,000			
	Construction-in-progress, elevator repair	975			
	Construction-in-progress, paint stairwells	7,252			
	Construction-in-progress, bathroom renovation	27,500			
		<u>\$ 88,157</u>			
		<u>Amount</u>			
1490AT	Deductions from 1490 Details				
	Construction-in-progress, plumbing upgrade	\$ 7,430			
	Construction-in-progress, paved parking lot	45,000			
	Construction-in-progress, paint stairwell	14,504			
	Construction-in-progress, bathroom renovation	52,000			
	Construction-in-progress, elevator repairs	975			
	Construction-in-progress, roof repair	2,750			
		<u>\$ 122,659</u>			
		<u>Amount</u>			

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Supplementary Data Required by HUD
Statement of Financial Position Data
June 30, 2018

Statement of Financial Position, Detail

1140	Accounts and notes receivable, operations, reimbursement from interest savings	\$ -
2190	Miscellaneous current liabilities, residual receipts obligation	\$ 31,569

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Supplementary Data Required by HUD
Statement of Activities Data
Year Ended June 30, 2018

Statement of Activities, Detail

5990-010	Description, miscellaneous other revenue:	
	Use of premises income	\$ 13,793
	Sundry income	141
	Miscellaneous other, admin fee	136
		<hr/>
5990-020	Total	<u>\$ 14,070</u>
6390-010	Description, miscellaneous administrative expenses:	
	Temporary agency fees	\$ 35,532
	Bank charges	2,862
	Help wanted advertising	119
	Sundry expenses	191
	Subscriptions and dues	170
		<hr/>
6390-020	Total	<u>\$ 38,874</u>
6790-010	Description, miscellaneous taxes, licenses, permits and insurance, Miscellaneous taxes	\$ 374
		<hr/>
6790-020	Total	<u>\$ 374</u>
6900	Description, nursing home/assisted living/board and care/other elderly care expenses	\$ 153,310
		<hr/>
6990	Total	<u>\$ 153,310</u>

See independent auditors' report

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Supplementary Data Required by HUD

Other Information

Year Ended June 30, 2018

Related Party Transactions, Detail

S1300-210	JHM (management fee)	\$	109,956
S1300-210	JHM (bookkeeping/accounting)		33,720
S1300-210	JASA (service coordinator)		<u>71,880</u>
	Total	\$	<u><u>215,556</u></u>

See independent auditors' report

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Supportive Housing for the Elderly: Section 202 Direct Loan	14.157	N/A	\$ 7,077,763
Section 8 Project Based Cluster Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation Total Section 8 Project Based Cluster	14.856	N/A	<u>2,119,168</u> <u>2,119,168</u>
Total U.S. Department of Housing and Urban Development			<u>9,196,931</u>
Total expenditures of federal awards			<u>\$ 9,196,931</u>

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Brighton Beach Housing Development Fund Company, Inc., (the "Corporation"), HUD Project No. 012-11279, under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Corporation. The Corporation did not provide any funding to subrecipients during the year ended June 30, 2018.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance.

3. Indirect Cost Rate

The Corporation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. U.S. Department of Housing and Urban Development Loan Program

The Corporation has received a U.S. Department of Housing and Urban Development direct loan under Section 202 of the National Housing Act. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. The Corporation received no additional loans during the year. The balance of the loan outstanding at June 30, 2018 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance June 30, 2018</u>
14.157	Supportive Housing for the Elderly - Section 202 Direct Loan	\$ 6,888,872

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with *Government Auditing Standards***

Board of Trustees
Brighton Beach Housing Development Fund Company, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brighton Beach Housing Development Fund Company, Inc. (the "Corporation"), HUD Project No. 012-11279, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

**Independent Auditors' Report on Compliance
for Each Major Federal Program and on
Internal Control Over Compliance
Required by The Uniform Guidance**

Board of Trustees
Brighton Beach Housing Development Fund Company, Inc.

Report on Compliance for Each Major Federal Program

We have audited Brighton Beach Housing Development Fund Company, Inc.'s (the "Corporation"), HUD Project No. 012-11279, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal program for the year ended June 30, 2018. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of federal awards applicable to the federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

New York, New York
September 28, 2018

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.856	U.S. Department of Housing and Urban Development: Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Summary Schedule of Prior Year's Audit Findings
Year Ended June 30, 2018

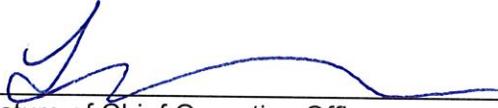
Section IV - Summary Schedule of Prior Year's Audit Findings

None.

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Mortgagor's Certification
June 30, 2018

We hereby certify that we have examined the accompanying financial statements and supplementary data of Brighton Beach Housing Development Fund Company, Inc., HUD Project No. 012-11279 and, to the best of our knowledge and belief, the same are accurate and complete.



Signature of Chief Operating Officer

Tracy Welsh

Name of Chief Operating Officer

DATE: _____

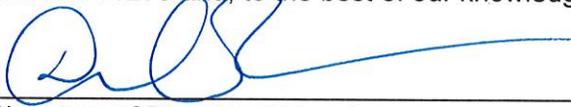
9/28/18

Employer Identification No: 13-3042331

Brighton Beach Housing Development Fund Company, Inc.
HUD Project No. 012-11279

Management Agent's Certification
June 30, 2018

We hereby certify that we have examined the accompanying financial statements and supplementary data of Brighton Beach Housing Development Fund Company, Inc., HUD Project No. 012-11279 and, to the best of our knowledge and belief, the same are accurate and complete.



Signature of Director of Housing

Donald Manning

Name of Director of Housing

DATE: _____

9/28/18

JASA Housing Management Services for the Aged, Inc.
Management Agent's Name

Employer Identification No: 13-3078676