

**BARRIER FREE LIVING HOLDING, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

BARRIER FREE LIVING HOLDING, INC.
AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Barrier Free Living Holding, Inc.
and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Barrier Free Living Holding, Inc. and Subsidiaries at June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Barrier Free Living Holding, Inc. and Subsidiaries at June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2017 and 2016 supplementary consolidating statements of financial position, consolidating statements of activities, and consolidating statements of functional expenses, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
November 28, 2017

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,030,376	\$ 1,548,199
Contracts and grants receivable	2,928,027	2,499,872
Prepaid expenses	123,765	91,830
Other assets	38,966	8,188
	<hr/>	<hr/>
Total Current Assets	5,121,134	4,148,089
	<hr/>	<hr/>
DEFERRED CHARGE	4,137,260	3,839,720
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, NET	4,534,016	4,813,932
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 13,792,410</u>	<u>\$ 12,801,741</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 391,905	\$ 338,432
Accrued salary and vacation payable	513,483	404,802
Advances from government agencies	1,105,867	900,915
	<hr/>	<hr/>
Total Current Liabilities	2,011,255	1,644,149
NON-CURRENT:		
Loan payable	40,000	-
Note payable	8,326,039	8,326,039
	<hr/>	<hr/>
Total Liabilities	10,377,294	9,970,188
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted - board designated	940,479	801,192
Unrestricted - operating	2,424,637	2,030,361
Temporarily restricted	50,000	-
	<hr/>	<hr/>
Total Net Assets	3,415,116	2,831,553
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,792,410</u>	<u>\$ 12,801,741</u>

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

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES:				
Government contracts and grants	\$ 8,275,125	\$ -	\$ 8,275,125	\$ 7,819,214
In-kind contributions	806,225	-	806,225	1,245,073
Program service fees	133,100	-	133,100	-
Developer's fee	231,089	-	231,089	596,620
Contributions	57,811	165,000	222,811	25,106
Interest	3,838	-	3,838	3,673
Miscellaneous	36,332	-	36,332	1,381
Net assets released from restrictions	115,000	(115,000)	-	-
 Total Revenues	 <u>9,658,520</u>	 <u>50,000</u>	 <u>9,708,520</u>	 <u>9,691,067</u>
EXPENSES:				
Program services	8,066,965	-	8,066,965	7,863,758
Supporting Service:				
Management and general	1,057,992	-	1,057,992	946,125
 Total Expenses	 <u>9,124,957</u>	 <u>-</u>	 <u>9,124,957</u>	 <u>8,809,883</u>
CHANGE IN NET ASSETS	533,563	50,000	583,563	881,184
NET ASSETS, BEGINNING OF YEAR	<u>2,831,553</u>	<u>-</u>	<u>2,831,553</u>	<u>1,950,369</u>
NET ASSETS, END OF YEAR	<u>\$ 3,365,116</u>	<u>\$ 50,000</u>	<u>\$ 3,415,116</u>	<u>\$ 2,831,553</u>

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

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016			
	Program Services	Supporting Service Management and General		Program Services	Supporting Service Management and General		Total
		Total			Total		
Salaries and wages	\$ 4,103,888	\$ 644,211	\$ 4,748,099	\$ 3,899,276	\$ 514,074	\$ 4,413,350	
Employee benefits	581,719	113,454	695,173	567,271	74,782	642,053	
Payroll taxes	493,034	18,963	511,997	478,748	14,107	492,855	
In-kind contributions: home care services, social work, occupational therapy, food, supplies and legal	675,066	131,159	806,225	1,039,520	205,553	1,245,073	
Consultants and professional fees	634,913	67,643	702,556	352,842	66,033	418,875	
Depreciation and amortization	309,530	-	309,530	304,617	-	304,617	
Repairs and maintenance	211,969	-	211,969	231,528	1,350	232,878	
Office supplies	220,322	30,210	250,532	193,933	25,365	219,298	
Utilities	160,457	-	160,457	152,761	-	152,761	
Rent	137,567	-	137,567	137,772	-	137,772	
Insurance	136,110	23,291	159,401	148,794	17,472	166,266	
Program supplies	161,600	-	161,600	135,839	-	135,839	
Telephone	72,455	7,317	79,772	72,853	6,412	79,265	
Food	57,113	3,384	60,497	51,823	2,505	54,328	
Transportation	33,209	2,047	35,256	38,064	6,182	44,246	
Residents'/children's activities	33,171	-	33,171	39,843	-	39,843	
Miscellaneous	39,744	12,516	52,260	10,476	9,818	20,294	
Residence expenses	4,859	-	4,859	7,743	-	7,743	
Bank charges and fees	239	3,797	4,036	55	2,472	2,527	
Total Expenses	\$ 8,066,965	\$ 1,057,992	\$ 9,124,957	\$ 7,863,758	\$ 946,125	\$ 8,809,883	

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

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 583,563	\$ 881,184
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	309,530	304,617
Deferred charge	(297,540)	(297,539)
Changes in assets (increase) decrease:		
Contracts and grants receivable	(428,155)	(547,540)
Prepaid expenses	(31,935)	(31,543)
Other assets	(30,778)	10,843
Changes in liabilities increase (decrease):		
Accounts payable and accrued expenses	53,473	(245,339)
Accrued salary and vacation payable	108,681	41,274
Advances from government agencies	204,952	474,638
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>471,791</u>	<u>590,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(29,614)</u>	<u>(33,199)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(29,614)</u>	<u>(33,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan	<u>40,000</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>40,000</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	482,177	557,396
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,548,199</u>	<u>990,803</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,030,376</u>	<u>\$ 1,548,199</u>

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

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Nature of Organization

The accompanying consolidated financial statements reflect the activities of Barrier Free Living Holding, Inc. and its subsidiaries, Barrier Free Living, Inc., Freedom House for People with Disabilities, Inc., The New York Center for the Disabled Housing Development Fund Company, and Freedom House Housing Development Fund Company, Inc. (collectively referred to as the "Organization").

Barrier Free Living, Inc. is a nonprofit agency dedicated to helping people with disabilities live independently and securely in the community. Barrier Free Living, Inc. provides a comprehensive range of case management and counseling services to homeless disabled adults and to domestic violence survivors with disabilities that enable them to overcome the systemic barriers to independent living. On January 1, 2015, Barrier Free Living, Inc. began a contract to provide support services to 50 families with a head of household with a disabling medical condition and 70 individuals with disabling mental health issues. This initial contract constituted a start-up period for the purchase of furniture and equipment and for the hiring of core staff members for the development of the program. The 70-unit studio building began operations at the beginning of May 2015. The family building began operations on July 1, 2015.

Freedom House for People with Disabilities, Inc. is a nonprofit agency dedicated to providing fully accessible emergency shelter and social services to domestic violence survivors with disabilities and their children, with every part of the shelter constructed to accommodate individuals who are mobility impaired, deaf or hard of hearing, blind or visually impaired.

The New York Center for the Disabled Housing Development Fund Company is a nonprofit agency which owns the building where Barrier Free Living, Inc. operates a transitional housing facility for homeless, physically disabled adults.

Freedom House Housing Development Fund Company, Inc. is a nonprofit agency which owns the building that serves as a fully accessible emergency shelter for domestic violence survivors with disabilities and their children.

The following program and supporting services of the Organization are included in the accompanying financial statements:

Residential Services

Provides transitional housing and case management to disabled homeless adults and provides emergency shelter and case management to domestic violence survivors with disabilities and their children. Provides supportive housing services (counseling, case management and advocacy) to 50 families and 70 adults in permanent housing developed in partnership with Barrier Free Living, Inc.

Outreach

Provides information/referrals and case management to homeless, physically disabled adults with co-existing mental health or substance abuse conditions, in order to assist in achieving integration or reintegration within the community through successful treatment program participation, enhanced independent living skills, and permanent housing placements.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1 - Nature of Organization (cont'd.)

Domestic Violence

Provides nonresidential services to domestic violence survivors with disabilities, offering case management, safety planning, occupational therapy, short and long-term counseling, housing assistance, advocacy within the medical, mental health, child welfare, law and criminal justice systems, and operation of a domestic violence crisis hotline.

Administration

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

The Organization receives substantial support from the New York City Department of Homeless Services and the New York City Human Resources Administration. The Organization is obligated under the terms of contracts to comply with specified conditions and program requirements set forth by the grantor.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

All intercompany transactions and balances have been eliminated in these consolidated financial statements.

Basis of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value of Financial Instruments (cont'd.)

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At June 30, 2017 and 2016, the fair value of the Organization's financial instruments, including cash and cash equivalents, contracts and grants receivable, accounts payable and accrued expenses, accrued salary and vacation payable and advances from government agencies, approximated book value due to the short maturity of these instruments.

At June 30, 2017 and 2016, the Organization does not have assets or liabilities required to be measured at fair value in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements*.

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Property and Equipment

Property and equipment is recorded at cost. During 2016, the Organization modified its capitalization policy to property and equipment acquisitions over \$5,000, as well as expenditures that increase the life of existing assets. In prior years, the capitalization policy was over \$500. Depreciation and amortization of property and equipment is recorded on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 30 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is less.

Receivables, Advances and Revenue

The Organization records receivables and revenue when earned based on established rates multiplied by the number of units of service provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, the Organization defers the amounts as advances from government agencies. Developer's fee revenue is recognized based on approval by the funding source and when earned.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Allowance for Doubtful Accounts

The allowance for doubtful accounts estimate is based on management's assessment of the creditworthiness of its funders, the aged basis of its receivables, as well as current economic conditions and historical information. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end. Interest income is not accrued or recorded on accounts receivable. The Organization has determined that an allowance for doubtful accounts for receivables was not necessary at June 30, 2017 and 2016.

Deferred Charges

Deferred charges arise based on the difference between revenue recognized and the expenses reimbursed from the New York State Homeless Housing and Assistance Corporation and the Department of Housing Preservation and Development for the property relating to Freedom House Housing Development Fund Company, Inc. Depreciation is currently recognized annually while reimbursement will not be recognized until future periods. The difference is reflected as a deferred charge on the balance sheet. The deferred charge is a timing difference, which will accumulate in earlier years and be reversed during later periods.

Net Assets

Unrestricted net assets of the Organization which have not been restricted by an outside donor or by law are therefore available for use in carrying out the operations of the Organization. Temporarily restricted net assets are those net assets that are restricted by donors for specific purposes. At June 30, 2017, temporarily restricted net assets of \$50,000 are available to reimburse expenses for educational related training for residents. For the year ended June 30, 2017, temporarily restricted net assets of \$85,000 was released from restriction for program purposes and \$30,000 was released from restriction for technology improvements.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions and government contract revenues received and expended in the same fiscal year are reflected as unrestricted revenues.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including fixed assets and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. At June 30, 2017 and 2016, there have been no such losses.

In-Kind Contributions

For the years ended June 30, 2017 and 2016, revenues and expenses reflect \$256,516 and \$662,114, respectively, of donated home health services provided to the Organization's homeless disabled adults residing at the transitional housing facility. The licensed home care agency provides personal care attendants to serve the residents' home care needs. The care attendants are managed by on-site supervisors from the home care agency.

For the years ended June 30, 2017 and 2016, revenues and expenses reflect \$403,739 and \$365,820, respectively, of donated services provided by various social workers and occupational therapists, whose services include providing individual and group counseling, crisis intervention, full cognitive and mental status evaluations, and many other valuable services.

For the years ended June 30, 2017 and 2016, revenues and expenses reflect \$14,811 and \$11,586, respectively, of donated food and supplies provided by various sources.

For the years ended June 30, 2017 and 2016, revenue and expenses reflect \$131,159 and \$205,553, respectively, of donated legal services from two law firms.

A number of volunteers have donated significant amounts of their time to the Organization's program and supporting services. However, since these services do not meet the criteria for recognition under U.S. GAAP, they are not reflected in the accompanying consolidated financial statements.

Functional Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounting for Uncertainty in Income Taxes

The Organization has adopted the provisions pertaining to uncertain tax provisions (FASB ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Income Taxes

The component corporations of the Organization were incorporated as not-for-profit corporations under the laws of the State of New York and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation that had no effect to the opening net assets.

New Accounting Pronouncements

ASU No. 2016-14

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. This ASU is a result of the recommendations developed by FASB's Not-for-Profit Advisory Committee and FASB's ongoing review of Generally Accepted Accounting Principles (GAAP) standards to improve existing standards to meet the evolving needs of a dynamic financial reporting environment.

The ASU provides for changes in financial statement presentation that effect classification of net assets, presentation of expenses, investment returns and presentation of operating cash flows. It also calls for enhanced disclosures of board designated funds, underwater endowment funds, methods used to allocate costs among functions, and liquidity and availability of resources. The ASU affects all not-for-profit organizations including charities, foundations, colleges and universities, health care providers, religious organizations, trade associations, and cultural institutions, among others.

The amendments of ASU No. 2016-14 are effective for annual financial statements issued for periods beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted.

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede Topic 840, *Leases*.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

ASU No. 2016-02 (cont'd.)

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted for all entities.

ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is the result of a joint project of the FASB and the IASB to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards.

The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should apply the following five-step process to recognize revenue:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For nonpublic entities, the amendments of ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted under certain circumstances.

The Organization has not yet determined if these ASUs will have a material effect on the consolidated financial statements.

Note 3 - Concentration of Credit Risk

The Organization maintains cash balances in one financial institution, which balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000. From time to time, the Organization's balances may exceed this limit.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 4 - Property and Equipment

Property and equipment, net, consists of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 292,500	\$ 292,500
Buildings and improvements	11,190,149	11,160,535
Furniture and equipment	284,649	284,649
Leasehold improvements	31,091	31,091
	11,798,389	11,768,775
Less: Accumulated depreciation and amortization	7,264,373	6,954,843
	\$ 4,534,016	\$ 4,813,932

Note 5 - Note and Loan Payable

Note Payable

Freedom House Housing Development Fund Company, Inc. has a grant enforcement note with the New York State Homeless Housing and Assistance Corporation and the Department of Housing Preservation and Development. The note is secured by a mortgage on the building, building improvements and all other property items related to the facility constructed with the proceeds of an original loan in the amount of \$8,326,039. The note will be deemed of no further force and effect on October 8, 2031, and Freedom House Housing Development Fund Company, Inc. will automatically be discharged from this obligation, provided it complies with the terms and conditions of the note agreement.

Loan Payable

In December 2016, the Organization entered into a multi-year recoverable grant agreement with a foundation in the amount of \$120,000 with disbursements of \$40,000 per year. The Organization is to repay each \$40,000 installment in November 2019, 2020, and 2021, respectively.

Note 6 - Pension Plan

The Organization has a defined contribution pension plan covering all employees with one full year of service with at least 1,000 hours. The Organization contributes 2% of an employee's gross pay each period. In addition, the Organization matches the first 3% of the employee's contribution. During 2017, all employees had the option of withdrawing their investments or rolling into the new 401(k) profit sharing plan effective February 15, 2017.

The Organization has a 401(k) profit sharing plan effective February 15, 2017 covering all employees who are automatically enrolled upon date of hire with a 5% elective deferral contribution unless the employee opts out of the plan. Employees are eligible to receive discretionary matching and employer profit sharing contributions after completing one year of service.

For the years ended June 30, 2017 and 2016, pension expense amounted to \$190,593 and \$147,462, respectively.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7 - Functional Expenses

	<u>2017</u>	<u>2016</u>
Transitional housing program	\$ 2,441,434	\$ 2,372,072
Supportive housing	1,839,251	1,663,570
Outreach	141,765	161,449
Domestic violence - non-residential program	865,646	781,853
Emergency domestic violence shelter	2,778,869	2,884,814
Total program expenses	<u>8,066,965</u>	<u>7,863,758</u>
Management and general	<u>1,057,992</u>	<u>946,125</u>
Total expenses*	<u>\$ 9,124,957</u>	<u>\$ 8,809,883</u>

* Included in the above functional expenses are in-kind services, as follows:

Program services	\$ 675,066	\$ 1,039,520
Management and general	<u>131,159</u>	<u>205,553</u>
Total expenses	<u>\$ 806,225</u>	<u>\$ 1,245,073</u>

Note 8 - Commitments and Contingencies

The Organization has contracted with various funding agencies to perform certain counseling services. Reimbursements received under these contracts are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Organization could be held responsible for refunding the amounts in question.

Note 9 - Transaction with Affiliated Organization

A new corporation, Barrier Free Living Housing Development Fund Corporation, Inc. ("BFL HDFC") was formed as part of an overall corporate structure for two supportive housing projects of 50 and 70 unit sizes located in New York City for families and individuals. The structure was organized as a limited liability corporation and was awarded Federal Low Income Housing Tax Credits. Barrier Free Living Holding, Inc. is the sole member of BFL HDFC. BFL HDFC is a 51% owner of East 138th Street GP, LLC who has a .01% ownership interest in East 138th Street Owners LLC. No transactions have taken place between Barrier Free Living Holding, Inc. and BFL HDFC. Barrier Free Living, Inc. and other parties to this structure have provided guarantees required by the Equity Investors and Construction Lenders.

As part of the creation of this structure, Barrier Free Living, Inc. entered into a supportive housing agreement with Alembic Development Company, LLC ("ADC") to develop this project. The agreement identifies that a developer's fee is to be paid to all parties as part of the development of this project. During the years ended June 30, 2017 and 2016, Barrier Free Living, Inc. received developer's fee payments of \$231,089 and \$596,620, respectively.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 10 - Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2017 through the date of these consolidated financial statements, which is the date that the consolidated financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

	Barrier Free Living Holding, Inc.	Barrier Free Living, Inc.	The New York Center for the Disabled Housing Development Company	Freedom House Housing Development Fund Company, Inc.	Freedom House for People with Disabilities, Inc.	Eliminations	Consolidated
CURRENT ASSETS:							
Cash and cash equivalents	\$ -	\$ 799,944	\$ 105,570	\$ 773,876	\$ 350,986	\$ -	\$ 2,030,376
Contracts and grants receivable	-	1,911,674	-	-	1,016,353	-	2,928,027
Prepaid expenses	-	123,765	-	-	-	-	123,765
Intercompany receivable/payable	-	987,313	-	908,044	-	(1,895,357)	-
Other assets	-	8,469	-	-	30,497	-	38,966
Total Current Assets	-	3,831,165	105,570	1,681,920	1,397,836	(1,895,357)	5,121,134
DEFERRED CHARGE	-	-	-	4,137,260	-	-	4,137,260
PROPERTY AND EQUIPMENT, NET	-	-	292,500	4,241,516	-	-	4,534,016
TOTAL ASSETS	\$ -	\$ 3,831,165	\$ 398,070	\$ 10,060,696	\$ 1,397,836	\$ (1,895,357)	\$ 13,792,410
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	\$ -	\$ 343,912	\$ 18,114	\$ -	\$ 29,879	\$ -	\$ 391,905
Accrued salary and vacation payable	-	444,196	-	-	69,287	-	513,483
Advances from government agencies	-	1,102,589	-	-	3,278	-	1,105,867
Intercompany receivable/payable	-	-	1,640	-	1,893,717	(1,895,357)	-
Total Current Liabilities	-	1,890,697	19,754	-	1,996,161	(1,895,357)	2,011,255
LOAN PAYABLE	-	40,000	-	-	-	-	40,000
NOTE PAYABLE	-	-	-	8,326,039	-	-	8,326,039
Total Liabilities	-	1,930,697	19,754	8,326,039	1,996,161	(1,895,357)	10,377,294
COMMITMENTS AND CONTINGENCIES							
NET ASSETS (DEFICIT):							
Unrestricted - board designated	-	-	84,602	855,877	-	-	940,479
Unrestricted - operating	-	1,850,468	293,714	878,780	(598,325)	-	2,424,637
Temporarily restricted	-	50,000	-	-	-	-	50,000
Total Net Assets (Deficit)	-	1,900,468	378,316	1,734,657	(598,325)	-	3,415,116
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ -	\$ 3,831,165	\$ 398,070	\$ 10,060,696	\$ 1,397,836	\$ (1,895,357)	\$ 13,792,410

See independent auditors' report.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

	Barrier Free Living Holding, Inc.	Barrier Free Living, Inc.	The New York Center for the Disabled Housing Development Company	Freedom House Housing Development Fund Company, Inc.	Freedom House for People with Disabilities, Inc.	Eliminations	Consolidated
CURRENT ASSETS:							
Cash and cash equivalents	\$ -	\$ 457,845	\$ 81,266	\$ 670,490	\$ 338,598	\$ -	\$ 1,548,199
Contracts and grants receivable	-	1,735,329	-	-	764,543	-	2,499,872
Prepaid expenses	-	91,830	-	-	-	-	91,830
Intercompany receivable/payable	-	722,097	-	908,044	-	(1,630,141)	-
Other assets	-	7,688	-	-	500	-	8,188
Total Current Assets	-	3,014,789	81,266	1,578,534	1,103,641	(1,630,141)	4,148,089
DEFERRED CHARGE	-	-	-	3,839,720	-	-	3,839,720
PROPERTY AND EQUIPMENT, NET	-	-	293,971	4,519,961	-	-	4,813,932
TOTAL ASSETS	\$ -	\$ 3,014,789	\$ 375,237	\$ 9,938,215	\$ 1,103,641	\$ (1,630,141)	\$ 12,801,741
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	\$ -	\$ 293,373	\$ 18,199	\$ -	\$ 26,860	\$ -	\$ 338,432
Accrued salary and vacation payable	-	341,992	-	-	62,810	-	404,802
Advances from government agencies	-	897,637	-	-	3,278	-	900,915
Intercompany receivable/payable	-	-	-	-	1,630,141	(1,630,141)	-
Total Current Liabilities	-	1,533,002	18,199	-	1,723,089	(1,630,141)	1,644,149
NOTE PAYABLE	-	-	-	8,326,039	-	-	8,326,039
Total Liabilities	-	1,533,002	18,199	8,326,039	1,723,089	(1,630,141)	9,970,188
COMMITMENTS AND CONTINGENCIES							
NET ASSETS (DEFICIT):							
Unrestricted - board designated	-	-	62,000	739,192	-	-	801,192
Unrestricted - operating	-	1,481,787	295,038	872,984	(619,448)	-	2,030,361
Total Net Assets (Deficit) - Unrestricted	-	1,481,787	357,038	1,612,176	(619,448)	-	2,831,553
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ -	\$ 3,014,789	\$ 375,237	\$ 9,938,215	\$ 1,103,641	\$ (1,630,141)	\$ 12,801,741

See independent auditors' report.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Barrier Free Living Holding, Inc.	Barrier Free Living, Inc.			The New York Center for the Disabled Housing Development Company	Freedom House Housing Development Fund Company, Inc.	Freedom House for People with Disabilities, Inc.			Eliminations	Consolidated		
		Unrestricted	Temporarily Restricted	Total			Unrestricted	Temporarily Restricted	Total		Unrestricted	Temporarily Restricted	Total
REVENUES:													
Government contracts and grants	\$ -	\$ 4,864,818	\$ -	\$ 4,864,818	\$ -	\$ 297,540	\$ 3,112,767	\$ -	\$ 3,112,767	\$ -	\$ 8,275,125	\$ -	\$ 8,275,125
In-kind contributions	-	696,964	-	696,964	-	-	109,261	-	109,261	-	806,225	-	806,225
Program service fees	-	133,100	-	133,100	-	-	-	-	-	-	133,100	-	133,100
Developer's fee	-	231,089	-	231,089	-	-	-	-	-	-	231,089	-	231,089
Contributions	-	53,554	135,000	188,554	-	-	4,257	30,000	34,257	-	57,811	165,000	222,811
Management fee	-	464,729	-	464,729	-	-	-	-	-	(464,729)	-	-	-
Rental income	-	-	-	-	24,242	131,645	205	-	205	(156,092)	-	-	-
Interest	-	1,067	-	1,067	147	1,893	731	-	731	-	3,838	-	3,838
Miscellaneous	-	28,832	-	28,832	-	-	7,500	-	7,500	-	36,332	-	36,332
Net assets released from restrictions	-	85,000	(85,000)	-	-	-	30,000	(30,000)	-	-	115,000	(115,000)	-
Total Revenues	-	6,559,153	50,000	6,609,153	24,389	431,078	3,264,721	-	3,264,721	(620,821)	9,658,520	50,000	9,708,520
EXPENSES:													
Program services	-	5,133,018	-	5,133,018	3,111	308,059	2,778,869	-	2,778,869	(156,092)	8,066,965	-	8,066,965
Supporting service: Management and general	-	1,057,454	-	1,057,454	-	538	464,729	-	464,729	(464,729)	1,057,992	-	1,057,992
Total Expenses	-	6,190,472	-	6,190,472	3,111	308,597	3,243,598	-	3,243,598	(620,821)	9,124,957	-	9,124,957
CHANGE IN NET ASSETS	-	368,681	50,000	418,681	21,278	122,481	21,123	-	21,123	-	533,563	50,000	583,563
NET ASSETS (DEFICIT), BEGINNING OF YEAR	-	1,481,787	-	1,481,787	357,038	1,612,176	(619,448)	-	(619,448)	-	2,831,553	-	2,831,553
NET ASSETS (DEFICIT), END OF YEAR	\$ -	\$ 1,850,468	\$ 50,000	\$ 1,900,468	\$ 378,316	\$ 1,734,657	\$ (598,325)	\$ -	\$ (598,325)	\$ -	\$ 3,365,116	\$ 50,000	\$ 3,415,116

See independent auditors' report.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Barrier Free Living Holding, Inc.	Barrier Free Living, Inc.	The New York Center for the Disabled Housing Development Company	Freedom House Housing Development Fund Company, Inc.	Freedom House for People with Disabilities, Inc.	Eliminations	Consolidated
REVENUES:							
Government contracts and grants	\$ -	\$ 4,329,266	\$ -	\$ 297,540	\$ 3,192,408	\$ -	\$ 7,819,214
In-kind contributions	-	1,073,345	-	-	171,728	-	1,245,073
Developer's fee	-	596,620	-	-	-	-	596,620
Contributions	-	20,428	-	-	4,678	-	25,106
Management fee	-	478,165	-	-	-	(478,165)	-
Rental income	-	-	24,242	130,025	-	(154,267)	-
Interest	-	1,092	189	1,577	815	-	3,673
Miscellaneous	-	1,381	-	-	-	-	1,381
Total Revenues	-	6,500,297	24,431	429,142	3,369,629	(632,432)	9,691,067
EXPENSES:							
Program services	-	4,827,884	710	304,617	2,884,814	(154,267)	7,863,758
Supporting service: Management and general	-	945,601	-	524	478,165	(478,165)	946,125
Total Expenses	-	5,773,485	710	305,141	3,362,979	(632,432)	8,809,883
CHANGE IN UNRESTRICTED NET ASSETS	-	726,812	23,721	124,001	6,650	-	881,184
NET ASSETS (DEFICIT), BEGINNING OF YEAR	-	754,975	333,317	1,488,175	(626,098)	-	1,950,369
NET ASSETS (DEFICIT), END OF YEAR	\$ -	\$ 1,481,787	\$ 357,038	\$ 1,612,176	\$ (619,448)	\$ -	\$ 2,831,553

See independent auditors' report.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
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CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Barrier Free Living, Inc. and The New York Center for the Disabled Housing Development Company			Freedom House Housing Development Fund Company, Inc.			Freedom House for People with Disabilities, Inc.			Eliminations	Consolidated
	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total		
Salaries and wages	\$ 2,608,604	\$ 644,211	\$ 3,252,815	\$ -	\$ -	\$ -	\$ 1,495,284	\$ 464,729	\$ 1,960,013	\$ (464,729)	\$ 4,748,099
Employee benefits	395,998	113,454	509,452	-	-	-	185,721	-	185,721	-	695,173
Payroll taxes	311,631	18,963	330,594	-	-	-	181,403	-	181,403	-	511,997
In-kind contributions: home care services, social work, occupational therapy, food, supplies and legal	565,805	131,159	696,964	-	-	-	109,261	-	109,261	-	806,225
Consultants and professional fees	451,269	67,643	518,912	-	-	-	183,644	-	183,644	-	702,556
Depreciation and amortization	1,471	-	1,471	308,059	-	308,059	-	-	-	-	309,530
Repairs and maintenance	138,378	-	138,378	-	-	-	73,591	-	73,591	-	211,969
Office supplies	163,687	30,210	193,897	-	-	-	56,635	-	56,635	-	250,532
Utilities	-	-	-	-	-	-	160,457	-	160,457	-	160,457
Rent	162,014	-	162,014	-	-	-	131,645	-	131,645	(156,092)	137,567
Insurance	60,799	23,291	84,090	-	-	-	75,311	-	75,311	-	159,401
Program supplies	139,774	-	139,774	-	-	-	21,826	-	21,826	-	161,600
Telephone	41,800	7,317	49,117	-	-	-	30,655	-	30,655	-	79,772
Food	38,111	3,384	41,495	-	-	-	19,002	-	19,002	-	60,497
Transportation	14,015	2,047	16,062	-	-	-	19,194	-	19,194	-	35,256
Residents'/children's activities	-	-	-	-	-	-	33,171	-	33,171	-	33,171
Miscellaneous	37,914	12,202	50,116	-	314	314	1,830	-	1,830	-	52,260
Residence expenses	4,859	-	4,859	-	-	-	-	-	-	-	4,859
Bank charges and fees	-	3,573	3,573	-	224	224	239	-	239	-	4,036
Total Expenses	\$ 5,136,129	\$ 1,057,454	\$ 6,193,583	\$ 308,059	\$ 538	\$ 308,597	\$ 2,778,869	\$ 464,729	\$ 3,243,598	\$ (620,821)	\$ 9,124,957

See independent auditors' report.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Barrier Free Living, Inc. and The New York Center for the Disabled Housing Development Company			Freedom House Housing Development Fund Company, Inc.			Freedom House for People with Disabilities, Inc.			Eliminations	Consolidated
	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total		
Salaries and wages	\$ 2,366,494	\$ 514,074	\$ 2,880,568	\$ -	\$ -	\$ -	\$ 1,532,782	\$ 478,165	\$ 2,010,947	\$ (478,165)	\$ 4,413,350
Employee benefits	374,897	74,782	449,679	-	-	-	192,374	-	192,374	-	642,053
Payroll taxes	293,714	14,107	307,821	-	-	-	185,034	-	185,034	-	492,855
In-kind contributions: home care services, social work, occupational therapy, food and supplies and legal	867,792	205,553	1,073,345	-	-	-	171,728	-	171,728	-	1,245,073
Consultants and professional fees	211,521	66,033	277,554	-	-	-	141,321	-	141,321	-	418,875
Depreciation and amortization	-	-	-	304,617	-	304,617	-	-	-	-	304,617
Repairs and maintenance	139,277	1,350	140,627	-	-	-	92,251	-	92,251	-	232,878
Office supplies	133,533	25,365	158,898	-	-	-	60,400	-	60,400	-	219,298
Utilities	-	-	-	-	-	-	152,761	-	152,761	-	152,761
Rent	162,014	-	162,014	-	-	-	130,025	-	130,025	(154,267)	137,772
Insurance	71,463	17,472	88,935	-	-	-	77,331	-	77,331	-	166,266
Program supplies	105,734	-	105,734	-	-	-	30,105	-	30,105	-	135,839
Telephone	36,869	6,412	43,281	-	-	-	35,984	-	35,984	-	79,265
Food	38,366	2,505	40,871	-	-	-	13,457	-	13,457	-	54,328
Transportation	12,376	6,182	18,558	-	-	-	25,688	-	25,688	-	44,246
Residents'/children's activities	-	-	-	-	-	-	39,843	-	39,843	-	39,843
Miscellaneous	9,922	9,542	19,464	-	276	276	554	-	554	-	20,294
Residence expenses	4,622	-	4,622	-	-	-	3,121	-	3,121	-	7,743
Bank charges and fees	-	2,224	2,224	-	248	248	55	-	55	-	2,527
Total Expenses	\$ 4,828,594	\$ 945,601	\$ 5,774,195	\$ 304,617	\$ 524	\$ 305,141	\$ 2,884,814	\$ 478,165	\$ 3,362,979	\$ (632,432)	\$ 8,809,883

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