

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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, 2016 and 2015, 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, 2016 and 2015, 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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2016 and 2015 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
December 1, 2016

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,548,199	\$ 990,803
Contracts and grants receivable	2,499,872	1,952,332
Prepaid expenses	91,830	60,287
Other assets	8,188	19,031
	<u>4,148,089</u>	<u>3,022,453</u>
Total Current Assets		
	<u>3,839,720</u>	<u>3,542,181</u>
DEFERRED CHARGE		
	<u>4,813,932</u>	<u>5,085,350</u>
PROPERTY AND EQUIPMENT, NET		
	<u>\$ 12,801,741</u>	<u>\$ 11,649,984</u>
TOTAL ASSETS		
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 338,432	\$ 583,771
Accrued salary and vacation payable	404,802	363,528
Advances from government agencies	900,915	426,277
	<u>1,644,149</u>	<u>1,373,576</u>
Total Current Liabilities		
	<u>8,326,039</u>	<u>8,326,039</u>
NOTE PAYABLE		
	<u>9,970,188</u>	<u>9,699,615</u>
Total Liabilities		
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted - board designated	821,439	676,194
Unrestricted - operating	2,010,114	1,274,175
	<u>2,831,553</u>	<u>1,950,369</u>
Total Net Assets - Unrestricted		
	<u>\$ 12,801,741</u>	<u>\$ 11,649,984</u>
TOTAL LIABILITIES AND NET ASSETS		

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES:		
Government contracts and grants	\$ 7,819,214	\$ 6,346,174
In-kind contributions	1,245,073	1,100,695
Developer's fee	596,620	-
Contributions	25,106	32,733
Interest	3,673	2,860
Miscellaneous	1,381	1,625
	<u>9,691,067</u>	<u>7,484,087</u>
EXPENSES:		
Program services	7,863,758	6,686,388
Supporting Service:		
Management and general	946,125	717,170
	<u>8,809,883</u>	<u>7,403,558</u>
CHANGE IN UNRESTRICTED NET ASSETS	881,184	80,529
NET ASSETS, BEGINNING OF YEAR	<u>1,950,369</u>	<u>1,869,840</u>
NET ASSETS, END OF YEAR	<u>\$ 2,831,553</u>	<u>\$ 1,950,369</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, 2016 AND 2015

	2016			2015		
	<u>Supporting Service</u>			<u>Supporting Service</u>		
	Program	Management and General	Total	Program	Management and General	Total
	Services			Services		
Salaries and wages	\$ 3,899,276	\$ 514,074	\$ 4,413,350	\$ 2,694,999	\$ 502,749	\$ 3,197,748
Employee benefits	567,271	74,782	642,053	410,637	91,622	502,259
Payroll taxes	478,748	14,107	492,855	382,247	24,159	406,406
In-kind contributions: home care services, social work, occupational therapy, food, supplies and legal	1,039,520	205,553	1,245,073	1,100,695	-	1,100,695
Consultants and professional fees	352,842	66,033	418,875	473,025	30,380	503,405
Depreciation and amortization	304,617	-	304,617	301,408	-	301,408
Repairs and maintenance	231,528	1,350	232,878	613,653	-	613,653
Office supplies	193,933	25,365	219,298	159,198	27,654	186,852
Utilities	152,761	-	152,761	149,627	-	149,627
Rent	137,772	-	137,772	12,282	-	12,282
Insurance	148,794	17,472	166,266	116,350	15,993	132,343
Program supplies	135,839	-	135,839	42,042	150	42,192
Telephone	72,853	6,412	79,265	74,683	7,167	81,850
Food	51,823	2,505	54,328	50,827	1,187	52,014
Transportation	38,064	6,182	44,246	49,471	6,092	55,563
Residents'/children's activities	39,843	-	39,843	34,981	-	34,981
Miscellaneous	10,476	9,818	20,294	3,985	8,495	12,480
Residence expenses	7,743	-	7,743	16,278	-	16,278
Bank charges and fees	55	2,472	2,527	-	1,522	1,522
Total Expenses	\$ 7,863,758	\$ 946,125	\$ 8,809,883	\$ 6,686,388	\$ 717,170	\$ 7,403,558

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 881,184	\$ 80,529
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	304,617	301,408
Deferred charge	(297,539)	(297,538)
Changes in assets (increase) decrease:		
Contracts and grants receivable	(547,540)	(1,326,293)
Prepaid expenses	(31,543)	(35,089)
Other assets	10,843	5,247
Changes in liabilities increase (decrease):		
Accounts payable and accrued expenses	(245,339)	438,917
Accrued salary and vacation payable	41,274	51,699
Advances from government agencies	474,638	291,011
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	590,595	(490,109)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(33,199)	(19,224)
NET CASH USED IN INVESTING ACTIVITIES	(33,199)	(19,224)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	557,396	(509,333)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	990,803	1,500,136
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,548,199	\$ 990,803

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, 2016 AND 2015

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, 2016 AND 2015

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, 2016 AND 2015

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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 AND 2015

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, 2016 and 2015.

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.

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.

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, 2016 and 2015, there have been no such losses.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

In-Kind Contributions

For the years ended June 30, 2016 and 2015, revenues and expenses reflect \$662,114 and \$710,929, 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, 2016 and 2015, revenues and expenses reflect \$365,820 and \$366,225, 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, 2016 and 2015, revenues and expenses reflect \$11,586 and \$23,541, respectively, of donated food and supplies provided by various sources.

For the year ended June 30, 2106, revenue and expenses reflect \$205,553 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. The Organization believes it is no longer subject to income tax examinations for years prior to 2012.

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.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

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, *Non-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Non-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*.

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.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

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 several financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, the Organization's balances may exceed these limits.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 4 - Property and Equipment

Property and equipment, net, consists of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 292,500	\$ 292,500
Buildings and improvements	11,160,535	11,127,335
Furniture and equipment	284,649	284,649
Leasehold improvements	31,091	31,091
	<u>11,768,775</u>	<u>11,735,575</u>
Less: Accumulated depreciation and amortization	<u>6,954,843</u>	<u>6,650,225</u>
	<u>\$ 4,813,932</u>	<u>\$ 5,085,350</u>

Note 5 - 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.

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 contributed 2% of an employee's gross pay each period. In addition, the Organization matches the first 3% of the employee's contribution. For the years ended June 30, 2016 and 2015, pension expense amounted to \$147,462 and \$ 117,782, respectively.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 7 - Functional Expenses

	<u>2016</u>	<u>2015</u>
Transitional housing program	\$ 2,372,072	\$ 2,483,356
Supportive housing	1,663,570	599,397
Outreach	161,449	72,028
Domestic violence - non-residential program	781,853	767,244
Emergency domestic violence shelter	2,884,814	2,764,363
Total program expenses	<u>7,863,758</u>	<u>6,686,388</u>
Management and general	<u>946,125</u>	<u>717,170</u>
Total expenses*	<u>\$ 8,809,883</u>	<u>\$ 7,403,558</u>

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

Program services	\$ 1,039,520	\$ 1,100,695
Management and general	<u>205,553</u>	<u>-</u>
Total expenses	<u>\$ 1,245,073</u>	<u>\$ 1,100,695</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. Through this structure, 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 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 2016, Barrier Free Living, Inc. received a developer's fee payment for \$596,620.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 10 - Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2016 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, 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	759,439	-	-	821,439
Unrestricted - operating	-	1,481,787	295,038	852,737	(619,448)	-	2,010,114
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 FINANCIAL POSITION
JUNE 30, 2015

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	\$ -	\$ 452,805	\$ 60,912	\$ 426,529	\$ 50,557	\$ -	\$ 990,803
Contracts and grants receivable	-	877,932	-	-	1,074,400	-	1,952,332
Prepaid expenses	-	60,287	-	-	-	-	60,287
Intercompany receivable/payable	-	715,610	-	1,054,125	-	(1,769,735)	-
Other assets	-	16,511	2,020	-	500	-	19,031
Total Current Assets	-	2,123,145	62,932	1,480,654	1,125,457	(1,769,735)	3,022,453
DEFERRED CHARGE	-	-	-	3,542,181	-	-	3,542,181
PROPERTY AND EQUIPMENT, NET	-	-	293,971	4,791,379	-	-	5,085,350
TOTAL ASSETS	\$ -	\$ 2,123,145	\$ 356,903	\$ 9,814,214	\$ 1,125,457	\$ (1,769,735)	\$ 11,649,984
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	\$ -	\$ 536,173	\$ 18,114	\$ -	\$ 29,484	\$ -	\$ 583,771
Accrued salary and vacation payable	-	308,459	-	-	55,069	-	363,528
Advances from government agencies	-	423,538	-	-	2,739	-	426,277
Intercompany receivable/payable	-	100,000	5,472	-	1,664,263	(1,769,735)	-
Total Current Liabilities	-	1,368,170	23,586	-	1,751,555	(1,769,735)	1,373,576
NOTE PAYABLE	-	-	-	8,326,039	-	-	8,326,039
Total Liabilities	-	1,368,170	23,586	8,326,039	1,751,555	(1,769,735)	9,699,615
COMMITMENTS AND CONTINGENCIES							
NET ASSETS (DEFICIT):							
Unrestricted - board designated	-	-	38,883	637,311	-	-	676,194
Unrestricted - operating	-	754,975	294,434	850,864	(626,098)	-	1,274,175
Total Net Assets (Deficit) - Unrestricted	-	754,975	333,317	1,488,175	(626,098)	-	1,950,369
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ -	\$ 2,123,145	\$ 356,903	\$ 9,814,214	\$ 1,125,457	\$ (1,769,735)	\$ 11,649,984

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
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	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	\$ -	\$ 2,857,952	\$ -	\$ 297,538	\$ 3,190,684	\$ -	\$ 6,346,174
In-kind contributions	-	925,342	-	-	175,353	-	1,100,695
Contributions	-	29,808	-	-	2,925	-	32,733
Management fee	-	605,974	-	-	-	(605,974)	-
Rental income	-	-	24,066	128,245	-	(152,311)	-
Interest	-	1,069	194	1,041	556	-	2,860
Miscellaneous	-	1,113	-	-	512	-	1,625
Total Revenues	-	4,421,258	24,260	426,824	3,370,030	(758,285)	7,484,087
EXPENSES:							
Program services	-	3,712,299	57,954	304,697	2,763,749	(152,311)	6,686,388
Supporting service: Management and general	-	716,589	-	461	606,094	(605,974)	717,170
Total Expenses	-	4,428,888	57,954	305,158	3,369,843	(758,285)	7,403,558
CHANGE IN UNRESTRICTED NET ASSETS	-	(7,630)	(33,694)	121,666	187	-	80,529
NET ASSETS (DEFICIT), BEGINNING OF YEAR	-	762,605	367,011	1,366,509	(626,285)	-	1,869,840
NET ASSETS (DEFICIT), END OF YEAR	\$ -	\$ 754,975	\$ 333,317	\$ 1,488,175	\$ (626,098)	\$ -	\$ 1,950,369

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, 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

See independent auditors' report.

BARRIER FREE LIVING HOLDING, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	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	\$ 1,323,270	\$ 502,749	\$ 1,826,019	\$ -	\$ -	\$ -	\$ 1,371,729	\$ 605,974	\$ 1,977,703	\$ (605,974)	\$ 3,197,748
Employee benefits	228,341	91,622	319,963	-	-	-	182,296	-	182,296	-	502,259
Payroll taxes	190,609	24,159	214,768	-	-	-	191,638	-	191,638	-	406,406
In-kind contributions: home care services, social work, occupational therapy, food and supplies	924,692	-	924,692	-	-	-	176,003	-	176,003	-	1,100,695
Consultants and professional fees	283,705	30,380	314,085	-	-	-	189,320	-	189,320	-	503,405
Depreciation and amortization	-	-	-	301,408	-	301,408	-	-	-	-	301,408
Repairs and maintenance	517,005	-	517,005	3,150	-	3,150	93,498	-	93,498	-	613,653
Office supplies	91,744	27,654	119,398	139	-	139	67,315	-	67,315	-	186,852
Utilities	-	-	-	-	-	-	149,627	-	149,627	-	149,627
Rent	36,347	-	36,347	-	-	-	128,246	-	128,246	(152,311)	12,282
Insurance	42,183	15,993	58,176	-	-	-	74,167	-	74,167	-	132,343
Program supplies	20,273	150	20,423	-	-	-	21,769	-	21,769	-	42,192
Telephone	41,788	7,167	48,955	-	-	-	32,895	-	32,895	-	81,850
Food	44,013	1,187	45,200	-	-	-	6,814	-	6,814	-	52,014
Transportation	8,323	6,092	14,415	-	-	-	41,148	-	41,148	-	55,563
Residents'/children's activities	-	-	-	-	-	-	34,981	-	34,981	-	34,981
Miscellaneous	3,576	8,220	11,796	-	275	275	409	-	409	-	12,480
Residence expenses	14,384	-	14,384	-	-	-	1,894	-	1,894	-	16,278
Bank charges and fees	-	1,216	1,216	-	186	186	-	120	120	-	1,522
Total Expenses	\$ 3,770,253	\$ 716,589	\$ 4,486,842	\$ 304,697	\$ 461	\$ 305,158	\$ 2,763,749	\$ 606,094	\$ 3,369,843	\$ (758,285)	\$ 7,403,558

See independent auditors' report.