

BUCKS COUNTY HOUSING GROUP, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024

BUCKS COUNTY HOUSING GROUP, INC.

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bucks County Housing Group, Inc.
Warminster, Pennsylvania

Opinion

We have audited the accompanying financial statements of Bucks County Housing Group, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bucks County Housing Group, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bucks County Housing Group, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bucks County Housing Group, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bucks County Housing Group, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bucks County Housing Group, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

O'Hara, Ward & Associates
Yardley, PA

May 13, 2025

BUCKS COUNTY HOUSING GROUP, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current Assets

Cash.....	\$ 12,909
Restricted Cash for Tenant and Client Deposits.....	76,089
Contracts Receivable.....	369,482
Accounts Receivable, Tenant Rent, Net.....	13,558
Accounts Receivable, Other.....	32,775
Prepaid Expenses.....	109,602
Mortgage Escrow Deposits.....	57,729
Total Current Assets.....	672,144

Noncurrent Assets

Reserve for Replacements.....	169,139
Other Deposits.....	6,000
Due from Affiliate.....	75,021
Property and Equipment, Net.....	2,093,888
Total Noncurrent Assets.....	2,344,048

Other Assets

Operating Lease Right-of-Use Assets, Net of Accumulated Amortization of \$248,937.....	93,706
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TOTAL ASSETS..... \$ 3,109,898

LIABILITIES AND NET ASSETS

Current Liabilities

Current Portion of Long-Term Debt.....	\$ 29,383
Current Portion of Operating Lease Liability.....	82,334
Accounts Payable.....	53,053
Accrued Expenses.....	163,311
Line of Credit.....	104,000
Tenant and Client Deposits.....	73,736
Deferred Revenue.....	2,949
Total Current Liabilities.....	508,766

Long-Term Liabilities

Long-Term Debt, Net of Current Portion.....	2,032,408
Operating Lease Liability, Net of Current Portion.....	16,500
Accrued Interest Payable.....	355,744
Total Long-Term Liabilities.....	2,404,652

Total Liabilities..... 2,913,418

Net Assets

Net Assets Without Donor Restrictions.....	(671,917)
Net Assets With Donor Restrictions.....	868,397
	<u>196,480</u>

TOTAL LIABILITIES AND NET ASSETS..... \$ 3,109,898

See independent auditors' report and accompanying notes to the financial statements.

BUCKS COUNTY HOUSING GROUP, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Government Grants and Contracts.....	\$ 1,433,487	\$ 749,391	\$ 2,182,878
Grants and Contributions.....	558,802	108,989	667,791
Rent.....	810,257	-	810,257
Interest and Dividends.....	12,125	-	12,125
Management Fees.....	14,184	-	14,184
Other.....	75,569	-	75,569
Net Assets Released from Restrictions.....	<u>243,230</u>	<u>(243,230)</u>	<u>-</u>
Total Support and Revenues.....	<u>3,147,654</u>	<u>615,150</u>	<u>3,762,804</u>
<u>Expenses</u>			
Program Services.....	2,969,683	-	2,969,683
General and Administrative.....	280,023	-	280,023
Fundraising.....	<u>194,150</u>	<u>-</u>	<u>194,150</u>
Total Expenses.....	<u>3,443,856</u>	<u>-</u>	<u>3,443,856</u>
Change in Net Assets.....	(296,202)	615,150	318,948
Net Assets (Deficit), Beginning of Year.....	<u>(375,715)</u>	<u>253,247</u>	<u>(122,468)</u>
Net Assets (Deficit), End of Year.....	<u>\$ (671,917)</u>	<u>\$ 868,397</u>	<u>\$ 196,480</u>

See independent auditors' report and accompanying notes to the financial statements.

BUCKS COUNTY HOUSING GROUP, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Personnel</u>				
Salaries.....	\$ 925,234	\$ 128,936	\$ 109,094	\$ 1,163,264
Payroll Taxes.....	70,943	9,653	8,062	88,658
Employee Benefits.....	129,991	9,397	11,420	150,808
Total Personnel.....	1,126,168	147,986	128,576	1,402,730
<u>Operating Expenses</u>				
Occupancy.....	705,364	18,490	1,777	725,631
Cleaning and Maintenance.....	281,259	130	-	281,389
Depreciation.....	240,070	-	-	240,070
Food Pantry.....	128,441	-	-	128,441
Insurance.....	121,937	2,043	690	124,670
Professional Fees.....	19,593	62,053	21,770	103,416
Office Supplies.....	28,297	34,146	18,868	81,311
Amortization of Right-of-Use Assets.....	68,873	4,827	4,152	77,852
Bridge Housing.....	67,958	-	-	67,958
Real Estate Taxes.....	61,021	-	-	61,021
Trash/Snow Removal.....	48,245	-	-	48,245
Interest Expense.....	35,309	-	-	35,309
Computer Software and Supplies.....	12,453	7,172	2,906	22,531
Travel.....	17,353	2,956	46	20,355
Fundraising.....	-	-	15,365	15,365
Bad Debts.....	7,342	-	-	7,342
Loss on Disposal of Property.....	-	220	-	220
Total Operating Expenses.....	1,843,515	132,037	65,574	2,041,126
Total Expenses.....	\$ 2,969,683	\$ 280,023	\$ 194,150	\$ 3,443,856

See independent auditors' report and accompanying notes to the financial statements.

BUCKS COUNTY HOUSING GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash Flows From Operating Activities:	
Change in Net Assets.....	\$ 318,948
Adjustments to Reconcile Decrease in Net Assets to	
Net Cash From Operating Activities:	
Bad Debts.....	7,342
Depreciation and Amortization.....	240,237
Amortization of Right-to-Use Assets.....	77,852
(Gain)/Loss on Disposal of Property and Equipment.....	220
(Increase) Decrease in Operating Assets:	
Contracts Receivables.....	(61,103)
Accounts Receivables, Tenant Rent.....	(2,249)
Accounts Receivables, Other.....	56,615
Promises to Give.....	21,580
Prepaid Expenses.....	47,328
Due from Affiliate.....	(13,224)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable.....	7,266
Accrued Expenses.....	39,606
Tenant and Client Deposits.....	(2,950)
Deferred Revenue.....	(990)
Accrued Interest Payable.....	16,769
Net Cash From Operating Activities.....	<u>753,247</u>
Cash Flows From Investing Activities:	
Purchases of Property and Equipment.....	<u>(994,335)</u>
Net Cash From Investing Activities.....	<u>(994,335)</u>
Cash Flows From Financing Activities:	
Net Proceeds from Line of Credit.....	104,000
Principal Repayments of Long Term Debt.....	(25,780)
Repayment of Operating Lease Liabilities.....	<u>(78,873)</u>
Net Cash From Financing Activities.....	<u>(653)</u>
Change in Cash and Cash Equivalents.....	(241,741)
Cash and Cash Equivalents, Beginning of Year.....	<u>557,607</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 315,866</u>
Supplemental Disclosures:	
Cash Paid During the Year for Interest.....	<u>\$ 18,373</u>

See independent auditors' report and accompanying notes to the financial statements.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Nature of activities: Bucks County Housing Group, Inc. (the Agency) is a non-profit organization formed to provide emergency shelter and other social services, as well as housing and mortgage counseling, to people with low to moderate income and people in crisis in Bucks County, Pennsylvania (PA). The Agency owns and operates the Robert Morris Apartments (the Project), a 39-unit apartment project located in Morrisville, PA, Durham Road apartments, a 13-unit, low income housing in Langhorne, PA, and the Bristol Apartments, a 24-unit apartment project in Bristol, PA. The Project is subject to certain restrictions and reporting requirements under terms of an agreement with the Pennsylvania Housing Finance Agency (PHFA). The Agency's activities are funded primarily by government grants and contracts, foundation grants, and tenant rent.

The Agency's major programs are as follows:

Supportive Housing Program

Our Supportive Housing Program (SHP) is a transitional shelter program where we seek to empower individuals through comprehensive services such as education, job development, life skills, money management and appropriate referrals. The program serves families consisting of at least one adult and one child less than eighteen years of age. The family must also be able to document that they are homeless or imminently at risk of homelessness (according to the HUD definitions) and Bucks County residents. Families can stay up to one year in SHP. Referrals to the program are received through the Bucks County Housing Link.

The Supportive Housing Program consists of 22 fully furnished units scattered throughout the Bucks County area. The units are located in Quakertown (6 units), Doylestown (6 units), Morrisville (6 units) and Penndel (4 units) and are staffed with a full time, on-site case manager. Case managers work with each family from the time of move-in to establish a permanent housing plan. Case managers and clients then meet once a week (at minimum) to develop short-term goals to help achieve that plan. Goals usually include increasing income (through obtaining disability benefits, enrolling in a certificate program, etc.), saving money and creating and maintaining a budget. Clients are connected to resources such as mental health services or substance abuse treatment as needed.

Bridge Housing & Home Transitional Programs

Both Bridge Housing and HOME Transitional Housing programs provide subsidized rental assistance and social services to homeless families who include at least one child under the age of 18. Both programs provide housing in scattered site rental properties. The Bridge Housing Program can accommodate approximately 12 families at a time. The HOME Transition Housing Program can accommodate approximately 12 families at a time. Rental subsidy and social services are provided for up to one year in the Bridge Program and up to two years in the HOME Program. Families may choose to maintain those apartments independently when they complete the program.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Bucks County Children and Youth Social Services Agency administer the Bridge Housing Program. Bucks County Children and Youth Social Services Agency administer the HOME Transitional Housing Program in cooperation with the Bucks County Office of Business & Community Development. Direct services for both programs are provided by Children and Youth and by the Bucks County Housing Group.

Application to both programs is made through the Bucks County Children and Youth Social Services Agency. To qualify for application a family (at least one adult and one minor child) must be homeless and lack the resources and support networks through which they might obtain housing. The family must have a clear and definite plan for self-sufficiency and must participate in educational vocational training to obtain that goal. Within the past fiscal year, Children and Youth have used Bridge and/or HOME as a housing option for families facing placement of their children due to housing instability. Families are referred internally from Children and Youth staff, and by shelters and other social services agencies. The referent should know the family well enough to write a recommendation and be able to present their case to the Selection Committee. A Bucks County Children and Youth Social Services Agency worker will interview the applicant/applicants and may follow up with verification of information. The Bridge & Transitional Review Committee then reviews assessments on a monthly basis. Referrals are accepted at any time. Applicants are reviewed as the assessments are completed and presented to the committee.

Families who are accepted into either program will be assigned both a Bucks County Children and Youth Social Services Agency worker and a Bucks County Housing Group worker. Participants in these programs are expected to meet with both workers on a regular basis and to cooperate with services, including budgeting with weekly reviews, counseling and referrals regarding parenting. Participants are expected to remain in educational/vocational training programs while in the Housing Program. Although Bridge Housing is a one-year program and HOME Transitional Housing is a two-year program, these lengths of time represent the maximum time for these programs. Once training has been completed and employment obtained, the family is considered to have obtained self-sufficiency and to have completed the program.

Veterans' Housing Assistance Program

County Housing Group's (BCHG) Bucks County Veterans Housing Assistance Program provides one-time grants of up to \$500 to any active duty or honorably discharged serviceperson who is a resident of Bucks County and who is experiencing a housing crisis. Recipients are referred by social service agencies, houses of worship, veterans' organizations, etc. and may receive one grant, one time. Funds go directly to the recipients, each of whom is referred and each of whom needs assistance with individualized issues. This program has previously paid for bunk beds for a veteran's children, partial rent for an active-duty serviceperson during the federal sequester and work clothing for a veteran seeking employment as a floor refinisher just to name a few.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mobile Markets

The Agency operates two “mobile markets” in service of our mission. These pantry vans bring food where it’s needed most in our community, removing some of the main barriers clients face in food access: lack of transportation and inability to come to pantries during their operating hours. We operate one refrigerated and one non-refrigerated van, allowing us to serve a range of fresh produce, meats, dairy, pantry staples, and snacks to our clients.

Community Food Pantries

The Agency operates two community food pantries which are overseen by a full-time Food Pantry Coordinator. Grant funds and individual donations help pay for the operating expenses of the two pantries. The two pantries are located in Penndel and Doylestown. The Community Food Pantries served over 48,000 individuals over the past year. the Food Pantry Coordinator oversees all of the ordering, stocking, patron services and works to ensure that there are enough (trained) volunteers at each site during hours that the pantries are open. Volunteers are also needed when the pantry is not open to the public in order to restock shelves, check expiration dates on food and weigh donated food items.

Low/moderate income community members from throughout Bucks County benefit by patronizing one of the pantries on a weekly basis to supplement their food supplies. We request that patrons limit their visits to once per week so that we can serve the maximum number of unduplicated households. Most of our pantry clients are on fixed incomes (as in the case of seniors/disabled individuals – 10% of our patrons are seniors) or are members of the “working poor” who find that in spite of full-time work, they do not make enough money to make ends meet.

Housing Counseling Services

All clients are directed to attend a free orientation webinar where they learn about the agency, our funding sources, what to expect from housing counseling, what to bring to their housing counseling appointment, the steps in the purchase process, the importance of a home inspection, 10 questions to ask a home inspector whom they are considering hiring, and the criteria for participation in the Bucks County First Time Homebuyer Program. Clients who do not have access to a computer and/or printer are provided with a telephone call in number and copies of the slide presentation and all other materials are mailed to their home. Participants who choose to continue, are directed to complete an application, including a budget form, which is submitted to the agency and reviewed prior to scheduling an appointment with a counselor.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the appointment (which can take up to 4 hours), the counselor verifies budget information and discusses ways to improve budgeting and saving skills while creating an affordable budget with the client, collects financial documents and transaction documents if the client is under contract to purchase, provides referrals as needed, develops a financial analysis for the client including credit scores, current and proposed debt ratios, and eligibility for various types of loans (including FHA) and home-buyer assistance programs, creates an action plan including steps both the client and counselor will take, and estimated timeframes to complete action plan items.

Follow-up communication is completed to ensure that the client is making progress toward his or her housing goal, to modify or terminate housing counseling, and to learn and report outcomes. Client follow-up is conducted by a qualified housing counselor who makes reasonable efforts to contact a verbal follow-up within the first 60 days of no client contact. If unsuccessful, after two attempts to conduct a verbal follow-up session, a letter or email is sent to inform the client that their file will be closed. Client file will be terminated when the issue is resolved, the goal is met, or the client is unresponsive.

Accounting Standards Codification (ASC)

The Agency's accounting policies, which are detailed below are in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Financial Statement Presentation

The financial statements of the Agency have been prepared on the accrual basis of accounting. The Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Rental income is accrued at gross potential rental income. Vacancies are shown as a reduction from gross rental income. Rental revenue is recognized ratably over the terms of the leases.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivables are recorded at the un-discounted amounts of earned rental income. The Agency performs a periodic review of accounts receivable to verify collectability. When receivables are deemed to be potentially uncollectible, they are charged off as bad debt expense and an allowance for the doubtful accounts is established. When management determines that collection will not be pursued further, both the receivable and the corresponding allowance for doubtful accounts are removed from the books. The allowance for doubtful accounts was \$19,140 for the year ended June 30, 2024.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Agency has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promises, are only recorded when the conditions on which they depend are substantially met.

Promises to Give

Unconditional promises to give are reported at the amounts management expects to collect on balances at year end. Management closely monitors outstanding balances and records an allowance for all balances that are not considered collectible. No allowance was required at June 30, 2024.

**BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

The Agency records advances under grants and contracts with state and local government agencies as refundable advances until the related costs are incurred or services performed, at which time they are recognized as revenue.

Donated Services

The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with specific programs and office administration. The value of these donated services is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under ASC 958.

Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. The Agency has no cash equivalents at June 30, 2024.

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total in the statement of cash flows as of June 30, 2024:

Cash in Bank	\$ 12,909
Tenant Security Deposits	76,089
Escrow Deposits	57,729
Replacement Reserves	<u>169,139</u>
Total Cash and Restricted Cash	<u>\$ 315,866</u>

Deferred Loan Fees

Deferred loan fees are amortized over the lives of the related loans.

Contributed Property and Equipment

Contributed property and equipment is recorded at fair value at the date of the donation. If the donor stipulates how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment and Depreciation

Property and equipment are initially recorded at cost for purchased items, or if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	<u>Years</u>
Buildings	25-30
Building Improvements	5-30
Land Improvements	5-10
Leasehold Improvements	3-10
Office Equipment	5-10
Furnishings	5

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Right-of-Use (ROU) Assets and Lease Liability

ROU asset represents the Agency's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Agency's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using its incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Agency will exercise the options. Operation lease expense is recognized on a straight-line basis over the term of the lease. As permitted by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, leases with an initial term of twelve months or less (short-term leases) are not recorded on the accompanying statement of financial position.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category, including personnel costs and occupancy, have been allocated based on estimates made by management. Personnel and occupancy costs have been allocated based on time studies.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Agency is generally exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). In addition, the Agency qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation by the Internal Revenue Service. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Agency had no unrelated business income for the year ended June 30, 2024.

Subsequent Events

In preparing the accompanying financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through May 13, 2025, the date the financial statements were available to be issued.

NOTE 2. CONCENTRATION OF CREDIT RISK AND CONTRACTOR CONCENTRATIONS

The Agency maintains cash balances at two financial institutions which, at various times during the year, exceeded the threshold for insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Agency mitigates their risk relative to cash by maintaining relationships with what management believes to be high credit quality financial institutions.

During 2024, the Agency received approximately 58% of its total unrestricted revenues and support from government grants and contracts. Any significant reduction in the level of support could have an effect on the Agency's programs.

NOTE 3. RELATED PARTY TRANSACTIONS

Fountainville Project, Inc. (FPI) and the Agency have mutual Board members. However, the Boards are not required to have the same members.

During 2003, FPI entered into a management agreement with the Agency. During fiscal 2015, the agreement requires FPI to pay the Agency 10% of its rental revenue for the performance of various management services. During the year ended June 30, 2024, FPI incurred management fees to the Agency of \$14,184 .

The amounts due from FPI of \$75,021 are included in due from affiliate on the statements of financial position at June 30, 2024, respectively, are non-interest bearing, unsecured and due on demand.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of June 30, 2024:

Land and Land Improvements.....	\$ 592,862
Buildings.....	2,186,079
Building Improvements.....	3,562,404
Furnishings.....	151,039
Office Equipment.....	162,683
Leasehold Improvements.....	347,692
Vehicles.....	<u>128,303</u>
	7,131,062
Less: Accumulated Depreciation.....	<u>5,037,174</u>
	<u><u>\$ 2,093,888</u></u>

Depreciation expense for the year ended June 30, 2024 was \$240,070. Certain property and equipment have been acquired with funds provided by Bucks County. Such property and equipment are considered owned by the Agency and are used for general operations in support of its programs.

Most of the Agency's property and equipment is rented to others, as detailed in Note 14.

NOTE 5. RESTRICTED DEPOSITS AND RESERVE FOR REPLACEMENTS

Pursuant to the mortgage agreement with PHFA, certain sums of monies are required to be placed on restricted deposit. Withdrawal and use of the replacement reserve for the purposes such as Project maintenance or betterments is subject to PHFA approval. Restricted deposits and reserve for replacements are comprised of the following as of June 30, 2024:

Mortgage Escrow Deposits:	
Property Insurance Escrow.....	\$ 13,927
Real Estate Tax Escrow.....	<u>43,802</u>
	57,729
Reserve for Replacements.....	<u>169,139</u>
	<u><u>\$ 226,868</u></u>

The Project is also required by PHFA to make monthly deposits to certain of the above reserves. As of June 30, 2024, such monthly deposits were \$5,016, \$5,259, and \$4,884 to the insurance escrow, tax escrow, and the replacement reserve, respectively. The amounts are subject to revision.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 6. TAX-DEFERRED ANNUITY PLAN

The Agency has a discretionary non-contributory, tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The Plan covers full time employees of the Agency who have completed one year of service. Employees may make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. The Agency made contributions of \$43,830 for the year ended June 30, 2024.

NOTE 7. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2024:

Note payable, bank, payable in monthly installments of \$1,736, including interest at 4.75%, due May 2034; collateralized by Bristol Apartments.....	\$ 167,045
Note payable, Pennsylvania Housing Finance Agency, due on December 1, 2044. Commencing January 1, 2005, interest accrues at 1% per year. Payments of principal and interest are deferred until 2044 unless there is a surplus of revenue over expenses defined, generated by the Project. Collateralized by real estate; subject to compliance with certain conditions as defined.....	1,676,924
Note payable, Bucks County Office of Community Development; 0% interest, principal shall become payable upon the transfer of ownership of the property; collateralized by real estate. Subordinated to PHFA note payable above.....	130,000
Note payable, bank, payable in monthly installments of \$587, including interest at 4.75%, due July 2032; collateralized by Bristol Apartments.....	47,945
Note payable, bank, payable in monthly installments of \$1,098, including interest at 4.875%, maturing November 2027; collateralized by property in Doylestown, PA.....	<u>40,461</u>
	2,062,375
Less: Unamortized Debt Issuance Costs.....	<u>584</u>
Long-Term Debt, Less Unamortized Debt Issuance Costs.....	2,061,791
Less: Current Portion of Long-Term Debt.....	<u>29,383</u>
Total Long-Term Debt.....	<u><u>\$ 2,032,408</u></u>

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 7. LONG-TERM DEBT (Cont'd)

The Agency presents debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as a component of interest expense in the statement of activities and amounted to \$167 for the year ended June 30, 2024. Total interest expense was \$35,309 for the year ended June 30, 2024.

The aggregate scheduled maturities of long-term debt for the five years, subsequent to June 30, 2024 and thereafter, are as follows:

2024.....	\$ 29,383
2025.....	30,966
2026.....	33,714
2027.....	24,399
2028.....	22,326
Thereafter.....	<u>1,921,587</u>
Total Long-Term Debt.....	<u>\$ 2,062,375</u>

Accrued interest expense on notes payable totaled \$355,744 as of June 30, 2024.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

On September 1, 2023, the Agency purchased a multifamily residential building containing 13 units located in Langhorne, PA. The Agency received grants from Bucks County with the stipulation to use the building for low income housing per PHFA guidelines for for a period of 99 years.

Net assets with donor restrictions at June 30, 2024 consist of the following:

Purpose Restricted:	
Low Income Housing.....	\$ 749,391
Shelter and Food.....	105,478
Housing Counseling.....	3,511
Veterans.....	<u>10,017</u>
	<u>\$ 868,397</u>

Net assets were released from restrictions by satisfying purpose restrictions during the year ended June 30, 2024 as follows:

Shelter and Food.....	\$ 237,230
Housing Counseling.....	6,000
Veterans.....	<u>--</u>
	<u>\$ 243,230</u>

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 9. PROGRAM SERVICES

Program services for the year ended June 30, 2024 consist of the following:

Housing Assistance and Support Services:	
Shelter and Food.....	\$ 1,566,646
Bridge Housing.....	144,831
Home Stabilization.....	96,603
Permanent Supportive Housing Services.....	29,972
Rental Housing:	
Apartments and Duplexes.....	904,576
Comprehensive Housing Counseling:	
Pre-Mortgage and Rental Counseling.....	<u>227,055</u>
	<u>\$ 2,969,683</u>

NOTE 10. GOVERNMENT GRANTS AND CONTRACTS

Revenue from government grants and contracts for the year ended June 30, 2024 consist of the following:

County of Bucks:	
Children and Youth:	
Shelter.....	\$ 656,884
Bridge Housing.....	211,238
Transitional Housing.....	52,399
Office of Human Services:	
Housing Counseling/Case Management.....	50,000
Housing Counseling.....	6,000
Office of Community and Business Development:	
Emergency Shelter Programs.....	273,045
Pre-Mortgage and Rental Counseling.....	8,621
Home 4 Good Case Management.....	28,018
State and Local Fiscal Recovery Funds.....	250,153
Community Development Block Grant.....	543,000
Pennsylvania Housing Finance Agency:	
Comprehensive Housing Counseling Initiative.....	96,023
Miscellaneous.....	<u>7,497</u>
	<u>\$ 2,182,878</u>

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 11. LEASES

The Agency leases various facilities and equipment that expire at various dates through June 2027. The Agency has recognized a right-of-use asset of \$342,643, and a lease liability of \$98,834 on the statement of financial position as of June 30, 2024. The Agency utilized various Treasury rates to determine the net present value of the applicable lease liabilities, ranging from 1.42% to 2.88% at lease inception.

Future minimum lease payments under the operating lease obligations, having a remaining term in excess of one year at June 30, 2024 are:

<u>Year ended June 30,</u>	<u>Operating Amount</u>
2025.....	\$ 83,510
2026.....	8,500
2027	<u>8,500</u>
 Total minimum lease payments..	 100,510
Less: amount representing interest.....	 <u>1,676</u>
 Present value of net minimum lease payments.....	 98,834
Less: current portion	<u>82,334</u>
 Long term portion.....	 <u>\$ 16,500</u>

NOTE 12. LIQUIDITY

The Agency monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Agency has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Cash.....	\$ 12,909
Contracts Receivable.....	369,482
Accounts Receivable, Tenant Rent, Net.....	13,558
Accounts Receivable, Other.....	<u>32,775</u>
	 <u>\$ 428,724</u>

In addition to financial assets available to meet general expenditures over the year, the Agency operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient program fees and other revenues as needed.

BUCKS COUNTY HOUSING GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 13. UNEMPLOYMENT CLAIMS

The Agency is self-insured for unemployment claims through a trust. The Agency's payments to the trust are reflected as expenses in the Statement of Activities. The trust has policies detailing minimum and maximum levels for member reserves. Amounts in excess of reserves are transferred to an excess surplus account. Once transferred, these amounts can be requested as a payout. At June 30, 2024, the Agency has a receivable from the trust of \$32,775, which represents the balance in its excess surplus account.

NOTE 14. LEASING ARRANGEMENTS

The Agency owns the Bristol Apartments and the Robert Morris Apartments. The Agency leases these units generally to people with low to moderate incomes and the apartments are available to people with HUD Section 8 rent subsidies. Leasing arrangements are made under noncancelable operating leases of one year or less. Rental income earned during the year ended June 30, 2024 was \$810,257 .

An analysis of the Agency's property and equipment held for these operating leases at June 30, 2024 is as follows:

Land and Land Improvements.....	\$ 433,876
Buildings.....	1,359,833
Building Improvements.....	3,139,214
Furniture and Fixtures.....	160,038
Office Equipment.....	<u>11,651</u>
	5,104,612
Less Accumulated Depreciation.....	<u>4,103,353</u>
	<u>\$ 1,001,259</u>

NOTE 15. LINE OF CREDIT

On March 14, 2024, the Agency entered into an unsecured loan (credit line) with an institutional bank for \$250,000. The interest rate is calculated at the floating Wall Street Journal Prime Rate, which is currently 8.50% at June 30, 2024. The Agency is obligated to pay the monthly interest with the principal due at maturity, which is renewable annually. The outstanding balance at June 30, 2024 is \$104,000.