AGUDAS ACHIM DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2024 AND 2023



Barrett & Scibelli, LLC
Certified Public Accountants

AGUDAS ACHIM DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT ..... 1 - 2

FINANCIAL STATEMENTS

Statements of Financial Position 3

Statements of Activities 4

Statements of Cash Flows 5

NOTES TO FINANCIAL STATEMENTS ..... 6 - 11

Barrett & Scibelli, LLC
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Agudas Achim Development Corporation

Opinion

We have audited the accompanying statements of financial position of **Agudas Achim Development Corporation** as of September 30, 2024 and 2023, and the related statements of activities and cash flows for the years 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 **Agudas Achim Development Corporation** as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

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

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 Agudas Achim Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 Agudas Achim Development Corporation '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 Agudas Achim Development Corporation'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.

Barrett & Scibelli, LLC

Winchester, Massachusetts
August 12, 2025

AGUDAS ACHIM DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2024 AND 2023

ASSETS

	2024	2023
Current assets		
Cash	$ 982,289	$ 1,275,961
Restricted cash	98,813	96,197
Accounts receivable - net	108,821	25,548
Prepaid expenses	50,848	44,402
Total current assets	1,240,771	1,442,108
Property and equipment		
Land	63,907	63,907
Buildings and improvements	3,234,713	3,234,712
Equipment	283,989	283,989
Furniture and fixtures	48,818	48,818
Total property and equipment	3,631,427	3,631,426
Less: accumulated depreciation	(3,100,089)	(3,072,176)
Net property and equipment	531,338	559,250
Total assets	$ 1,772,109	$ 2,001,358

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	$ 178,177	$ 122,895
Prepaid rent	47,844	12,107
Total current liabilities	226,021	135,002
Long term liabilities		
Tenants' security deposits	87,132	69,729
Total long term liabilities	87,132	69,729
Total liabilities	313,153	204,731
Unrestricted net assets	1,458,956	1,796,627
Total liabilities and net assets	$ 1,772,109	$ 2,001,358

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

AGUDAS ACHIM DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

SEPTEMBER 30, 2024 AND 2023

	2024	2023
Operating revenues		
Rent	$ 1,150,645	$ 944,876
Laundry and vending	6,114	12,663
Other	5,924	3,781
Total operating revenues	1,162,683	961,320
Operating expenses		
Operating and maintenance	700,543	377,554
Administrative	360,859	340,412
Utilities	202,929	243,530
Taxes and insurance	238,323	216,140
Depreciation	27,913	27,914
Total operating expenses	1,530,567	1,205,550
Total operating income	(367,884)	(244,230)
Non-operating income		
Interest income	30,217	16,566
Total non-operating income	30,217	16,566
Change in net assets	(337,667)	(227,664)
Net assets, beginning of year	1,796,623	2,024,291
Net assets, end of year	$ 1,458,956	$ 1,796,627

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

AGUDAS ACHIM DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

SEPTEMBER 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	$ (337,667)	$ (227,664)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	27,913	27,814
Changes in operating assets and liabilities:		
Restricted cash	(2,616)	(1,362)
Accounts receivable	(83,277)	3,207
Prepaid expenses	(6,446)	20,771
Accounts payable and accrued expenses	55,282	(4,330)
Prepaid assessments	35,737	(1,496)
Tenants' security deposits	17,403	(19,383)
Net cash provided by operating activities	(293,671)	(202,443)
Net increase in cash	(293,672)	(202,443)
Cash, beginning of year	1,275,961	1,478,404
Cash, end of year	$ 982,289	$ 1,275,961

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

AGUDAS ACHIM DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES

Agudas Achim Development Corporation (the "Corporation") was organized in June 1965 under Chapter 180 of the laws of the Commonwealth of Massachusetts for the purpose of constructing, owning, and operating government subsidized housing under Section 221(d)(3) of the National Housing Act. The Corporation owns and operates 108 residential units and 9 commercial units located in Malden, Massachusetts, commonly referred to as Bryant Terrace Apartments (the "Property").

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Estimates

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

Cash, Restricted Cash and Concentrations

The Corporation considers all short-term debt securities purchased with a maturity of ninety days or less to be cash equivalents. The Corporation had no cash equivalents as of September 30, 2024 and 2023.

Restricted cash consists of security deposits received from tenants. These deposits are required to be maintained in a separate interest-bearing cash account in accordance with Commonwealth of Massachusetts law.

The corporation maintains its cash and restricted cash in accounts that are federally insured. At times, the balances in the insured accounts may exceed federal limits. The Corporation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

The following is a summary of receivables:

	Year Ended 9/30/2024	Year Ended 9/30/2023
Rent Receivable – residential	$ 107,649	$ 23,248
Rent Receivable – commercial	600	2,300
	108,249	25,548
Allowance for Bad Debt	-	-
Accounts Receivable – net	$ 108,249	$ 25,548

Property and Equipment

Property and equipment is carried at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets. Normal repairs and maintenance costs are expensed as incurred. Major renewals, betterments, improvements, and additions are capitalized.

Building and leasehold improvements	15 - 40 years
Equipment	5 - 12 years
Furniture and fixtures	5 - 7 years

Net Assets

The Corporation reports information regarding its financial position and activities according to the following three classes of net assets based upon the existence, if any, of imposed restrictions.

Without donor restrictions – net assets that are not restricted by donors and may include net assets whose use is limited by internally imposed restrictions.

With donor restrictions – net assets subject to donor-imposed restrictions that will be met either by actions of the Corporation or the passage of time. Upon fulfillment of all donor limitations, the donor restricted net assets are released from restriction.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and the tenants of the property are operating leases.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising and Marketing

Advertising and marketing costs are expensed when incurred.

Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation as defined in Section 509(a)(2) thereof. Accordingly, no provision or liability for income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America prescribe the threshold a tax position is required to meet before being recognized in the financial statements. A liability for uncertain tax positions is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet this threshold. Any interest and penalties related to uncertain tax positions are recorded as a component of income tax expense. The Corporation has reviewed its tax positions that remain subject to examination by tax authorities and has not identified any material uncertain tax positions and thus has not recorded any liability as of September 30, 2024 or 2023.

The Corporation's federal and state tax returns are subject to possible examination by taxing authorities until the expiration of the related returns statutes. The Corporation's tax returns are no longer subject to examination by tax authorities for years prior to 2021. Currently, there are no income tax audits in process.

Adoption of New Accounting Standard

The Corporation adopted the provisions of Accounting Standards Update (ASU) No. 2018-08, Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard did not result in a change in the accounting for the Corporation’s revenues.

The Financial Accounting Standards Board (FASB) issued ASU 2016-18, Restricted Cash (Topic 230). The purpose of this pronouncement is to provide guidance on the classification of restricted cash in the statements of cash flows. The Corporation adopted the provisions of ASU 2016-18 on a retrospective basis and did not necessitate an adjustment to net assets in the prior period.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements

FASB issued ASU No. 2016-02 – *Leases,* and additional ASUs containing modifications to this standard. The standard is effective for periods beginning after December 15, 2021, for non-public entities. Implementation of this standard will require lessees to recognize a right to use asset and a lease liability, for all leases with terms longer than 12 months, on their statements of financial position. Management does not believe that this standard will have a material effect on the financial statements.

FASB issued 2014-09 Revenue from Contracts with Customers and additional ASUs containing modifications to ASU 2014-09 (collectively referred to as "the new revenue recognition standard"). In May 2020, The FASB voted to extend the implementation date by one year for non-public entities for periods beginning after December 15, 2019. The purpose of this new standard is to remove inconsistencies and weaknesses and improve comparability in current revenue recognition requirements. Management is in the process of evaluating this standard and has not yet determined the impact on the financial statements.

NOTE C - RENTAL INCOME

Residential rent revenue for the years ended September 30, 2024 and 2023 was $1,084,580 and $888,493, net of vacancies, respectively. Lease terms are one year or less. Generally, each lease provides for month-to-month rental arrangements upon expiration of the term.

Commercial rent revenue for the years ended September 30, 2024 and 2023 was $66,065 and $56,483, net of vacancies, respectively. Lease terms vary from 1-3 years and expire at various times through September 2023. Generally, each lease also provides for month-to-month lease arrangements upon expiration of the initial term.

NOTE D - MANAGEMENT AGENT

The Property is managed by an unrelated party under an agreement which provides for a management fee of 6% of the monthly gross collections received as defined in the agreement. Total fees incurred under the agreement were $74,464 and $81,905 for the years ended September 30, 2024 and 2023, respectively.

NOTE E - FUNCTIONAL EXPENSES

The costs of providing various programs and other activities are summarized on a functional basis as follows:

	Year ended September 30, 2024	Year ended September 30, 2023
Program services	$ 1, 206,725	$ 878,792
Supporting services		
Management and general		
Office expenses	268	1,934
Employee benefits	53,145	37,666
Management fee	74,464	81,905
Management and superintendent salaries	181,512	160,177
Legal expense	3,249	10,536
Auditing expense	12,000	12,000
Telephone expense	6,822	9,442
Reserve study	1,900	1,900
Miscellaneous administrative expenses	27,499	11,198
Total supporting services	360,859	326,758
Total functional expenses	$ 1,567,584	$ 1,205,550

Note F - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statements of financial position date:

	2024	2023
Financial assets at year-end:		
Cash	$ 982,289	$ 1,372,158
Accounts receivable	108,821	25,548
Less restricted funds	(98,813)	(96,197)
Financial assets available to meet general operating expenses within one year:	$ 992,297	$ 1,301,509

NOTE G - CONTINGENCIES

Periodically, the Corporation is involved in various claims and legal actions arising in the normal course of operations. In the opinion of Management, based upon current facts and circumstances and on consultation with legal counsel, losses, if any, from those matters, are covered by insurance or are immaterial to the financial position of the Corporation.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2025, the date the financial statements were approved and authorized for issuance by management, and determined that, other than as disclosed herein, there are no subsequent events that would require recognition or disclosure in the notes to the financial statements.