

**Banana Kelly Community Improvement
Association, Inc.**

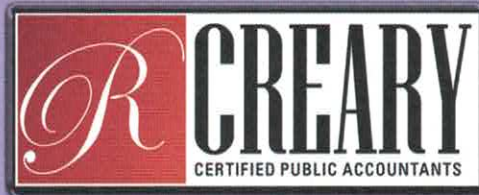
Financial Statements

December 31, 2023, and 2022

**BANANA KELLY COMMUNITY IMPROVEMENT
ASSOCIATION, INC.**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Banana Kelly Community Improvement Association, Inc.
Bronx, New York

OPINION

We have audited the accompanying financial statements of Banana Kelly Community Improvement Association, Inc. which comprise the statements of financial position as of December 31, 2023, and 2022, and the related statements of activities, functional expenses 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 Banana Kelly Community Improvement Association, Inc. as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits 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 Banana Kelly Community Improvement Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Banana Kelly Community Improvement Association, 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

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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 audits.
- 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 audits to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Banana Kelly Community Improvement Association, 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 Banana Kelly Community Improvement Association, 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

R. G., CPA, PC

Valley Stream, New York
September 18, 2024

**BANANA KELLY COMMUNITY IMPROVEMENT
ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,**

ASSETS

	2023	2022
Cash and Cash Equivalents	\$ 39,358	\$ 138,547
Restricted Cash - Residents' Council	<u>5,192</u>	<u>5,192</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>44,550</u>	<u>143,739</u>
Receivables:		
Contracts Receivable	942,368	-
Management Fees Receivable	915,068	462,310
Rent Receivable, Net	459,697	571,272
Due From Buildings	951,599	1,436,475
Other Receivables	<u>51,436</u>	<u>390,318</u>
Total Receivables	<u>3,320,168</u>	<u>2,860,375</u>
Other Assets	7,976	-
Net Property and Equipment	<u>87,070</u>	<u>82,388</u>
Total Assets	<u>\$ 3,459,764</u>	<u>\$ 3,086,502</u>

LIABILITIES AND NET ASSETS

Liabilities		
Bank Overdraft	\$ 3,896	\$ 16,573
Accounts Payable and Accrued Expenses	392,812	549,591
Loan Payable	450,985	437,850
Recoverable Grant Payable	40,000	80,000
Restricted Cash - Residents' Council	<u>5,192</u>	<u>5,192</u>
Total Liabilities	<u>892,885</u>	<u>1,089,206</u>

NET ASSETS

Without Donor Restrictions	\$ 2,566,879	\$ 1,974,379
With Donor Restrictions	<u>-</u>	<u>22,917</u>
Total Net Assets	<u>2,566,879</u>	<u>1,997,296</u>
Total Liabilities and Net Assets	<u>\$ 3,459,764</u>	<u>\$ 3,086,502</u>

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

**BANANA KELLY COMMUNITY IMPROVEMENT
ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,**

SUPPORT AND REVENUES	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Government Contract Revenue	\$ 1,917,752	\$ -	1,917,752	\$ 1,666,909
Corporate Grants	158,557	-	158,557	225,000
Corporate Contributions	-	-	-	39,990
Individual Contributions	8,841	-	8,841	5,050
Rental Income	-	-	-	245,945
Rental Income - Cell Towers	106,407	-	106,407	109,136
Monitoring, Developer & Mgmt. Fees	1,075,564	-	1,075,564	810,357
Government Grant	42,398	-	42,398	-
In-Kind Contribution	28,800	-	28,800	28,800
Other Income	82,735	-	82,735	1,935
<i>Net Assets Released from Restrictions:</i>				
Satisfaction of Program Restrictions	<u>22,917</u>	<u>(22,917)</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	3,443,971	(22,917)	3,421,054	3,133,122
EXPENSES				
Rental Assistance Program	153,072	-	153,072	520,754
Resident Support/ Case Mgmt. Services	1,083,224	-	1,083,224	1,545,055
Building Oversight/ Asset Mgmt. Services	1,435,794	-	1,435,794	663,026
Management and General	<u>655,096</u>	<u>-</u>	<u>655,096</u>	<u>580,461</u>
Total Expenses	<u>3,327,186</u>	<u>-</u>	<u>3,327,186</u>	<u>3,309,296</u>
Changes in Net Assets	116,785	(22,917)	93,868	(176,174)
Net Assets, Beginning of Year	1,974,379	22,917	1,997,296	2,174,923
Prior Period Adjustment	<u>475,715</u>	<u>-</u>	<u>475,715</u>	<u>(1,453)</u>
Net Assets, End of Year	<u>\$ 2,566,879</u>	<u>\$ -</u>	<u>\$ 2,566,879</u>	<u>\$ 1,997,296</u>

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

**BANANA KELLY COMMUNITY IMPROVEMENT
ASSOCIATION, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,**

Account Description	Rental Assistance Program	Resident Support/ Case Managerial Services	Building Oversight/ Asset Management	Management and General	Total 2023	Total 2022
EXPENSES						
Salaries and Wages	\$ 73,438	\$ 519,688	\$ 688,837	\$ 156,516	\$ 1,438,479	\$ 1,602,699
Payroll Taxes and Fringe Benefits	15,736	111,354	147,597	33,537	308,223	277,304
Professional Fees	164	1,162	1,540	350	3,216	-
Accounting Fees	16,510	116,834	154,862	35,187	323,393	89,490
Advertising	-	-	-	4,665	4,665	10,421
Legal Fees	15	108	144	33	300	1,153
Management Fees	9,545	67,544	89,529	20,342	186,960	56,136
Bad Debts	-	-	-	295,744	295,744	41,532
Travel and Meetings	187	1,324	1,756	399	3,666	4,534
Training and Seminars	650	4,597	6,094	1,385	12,725	10,653
Postage and Delivery	380	2,687	3,562	809	7,438	10,003
Computer and Internet	4,525	32,021	42,443	9,644	88,632	1,074
Other Expenses	98	690	915	204	1,907	13,898
Rents	18,904	133,773	177,313	40,289	370,278	564,446
Insurance	1,862	13,174	17,461	3,968	36,464	31,227
Activity Support	228	1,611	2,136	485	4,460	35,159
Offices Supplies	2,480	17,547	23,258	5,285	48,570	127,527
Equipment Rental	938	6,639	8,800	2,000	18,377	2,411
Depreciation	-	-	-	15,318	15,318	24,450
Payroll Processing Fees	1,198	8,476	11,234	2,553	23,460	29,822
Office Expense	1,158	8,197	10,864	2,469	22,688	45,609
Telephone	1,887	13,351	17,696	4,021	36,954	30,631
Repairs & Maintenance	3,172	22,448	29,754	6,761	62,134	199,124
Utilities	-	-	-	-	-	87,240
Interest Expense	-	-	-	13,135	13,135	12,753
TOTAL EXPENSES	<u>\$ 153,072</u>	<u>\$ 1,083,224</u>	<u>\$ 1,435,794</u>	<u>\$ 655,096</u>	<u>\$ 3,327,186</u>	<u>\$ 3,309,296</u>

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

**BANANA KELLY COMMUNITY IMPROVEMENT
ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 93,868	\$ (176,174)
Adjustments to Reconcile Changes in Net Assets to Net Provided Cash Provided by (Used) by Operating Activities	475,715	(1,453)
Depreciation expense	15,318	24,450
Changes in Assets and Liabilities:		
Decrease in Pledges Receivable	-	127,500
(Increase) Decrease in Receivables	(459,793)	15,828
(Increase) Decrease in Other Expenses	(7,976)	13,513
(Decrease) in Bank Overdraft	(12,677)	(51,610)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(156,779)	147,469
(Decrease) in Refundable Advance	-	(112,796)
Increase in Loan Payable	13,135	12,753
(Decrease) Recoverable Grant Payable	<u>(40,000)</u>	<u>(80,000)</u>
Net Cash Used by Operating Activities	<u>(79,189)</u>	<u>(80,520)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	<u>(20,000)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(99,189)	(80,520)
Cash and Cash Equivalents at Beginning of Year	<u>143,739</u>	<u>224,259</u>
Cash and Cash Equivalents at End of Year	<u>\$ 44,550</u>	<u>\$ 143,739</u>

NO SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

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

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023, AND 2022

NOTE 1. THE ASSOCIATION

Banana Kelly Community Improvement Association, Inc. (the "Association"), is a not-for-profit corporation established under the laws of the State of New York during 1978 and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

➤ **Purpose**

The Association was organized to upgrade deteriorated neighborhoods in the City of New York, through the development of affordable housing programs and the provision of educational, cultural, employment, and social services in support of that core housing mission. The Association serves the residents of the South Bronx, providing direct services to approximately 5,000 residents, and support services to the community at large.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Association follows the provisions of ASC 958, *Not-for-Profit Entities Presentation of Financial Statements*. The financial statements of the Association have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles (GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader(s).

(b) Basis of Presentation

The Association reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions are available to support operations. The only limits on the use of these net assets are broad limits resulting from the nature of the organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature while others are perpetual in nature. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(c) Estimates

Preparation of financial statements in accordance with accrual accounting requires management to make judgments, estimates, and assumptions affecting reported assets, liabilities, income, and expenses. Actual results may deviate from these estimates. One estimate disclosed in these financial statements is depreciation expense.

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023, AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable bases.

(e) Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU affects any entity that either enters contracts with customers to transfer goods and services or enters contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The ASU provides a five-step model for recognition of revenue and its core principle is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. To achieve the core principle an organization applies the five-step model of (1) identifying the contract(s) with a customer, (2) identifying the performance obligations in the contract, (3) determined the transaction price, (4) allocating the transaction price to the performance obligation in the contract and (5) recognizing revenue when (or as) the entity retrospectively approach method of application.

➤ Monitoring, Developer and Management Fees

The Association recognizes revenues when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The Association's management expects that the period between when the Association transfers goods and services to their customers and when their customers pay for these goods and services will be one year or less. Therefore, the Association elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Invoices resulting from the Association's contracts with customers are generally due within 30 days of the invoice date.

➤ Contract Revenue

The Association was awarded several cost reimbursement contracts with NYC Department of Social Services (HRA), U.S. Department of Housing and Urban Development (HUD), the NYC Department of Housing Preservation and Development (HPD) and The City of New York Department of Youth and Community Development (DYCD). Revenue is recognized as costs are incurred. Contract payments more than qualified expenses are accounted for as refundable advances.

➤ Contributions

The Association receives support from individuals, foundations, corporations, and other nonprofit organizations in support of the Association's mission. Contribution revenue is recognized at the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Association receives promises to give that have certain conditions such as meeting specific performance-related barriers or limiting the Association's discretion on use of the funds. Other contributions may have recoverable features to the promise to give. Such conditional promises to give are recognized when the conditions are substantially met.

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023, AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

➤ Rental Income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned.

(f) Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentration of credit risk consist principally of cash on deposit with financial institutions, which from time to time may exceed the federally insured limits of \$250,000, per depositor per insured bank. On December 31, 2023, the Association's bank balances were fully insured.

(g) Cash and Cash Equivalents

The Association considers all interest-bearing accounts and highly liquid investments purchased with maturities of 90 days or less to be cash equivalents.

(h) Receivable and Allowance for Doubtful Accounts

Receivables are reported net of allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the status of accounts receivable. It is reasonably possible that management's estimate of allowance will change.

(i) Property and Equipment

Property and equipment are stated at historical cost. Depreciation expense is calculated using the income tax method which is not materially different from GAAP over the assets estimated useful life, which is generally 5 years for furniture, equipment and software cost and 39 years for leasehold improvements.

(j) Income Taxes

The Association is treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2023, and 2022. Due to its tax-exempt status, the Association is not subject to income taxes. The Association is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Association has no other tax positions which must be considered for disclosure. Income tax returns filed by the Association are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years from 2020 remain open.

(k) Subsequent Events Review

The Association has reviewed for subsequent events through September 18, 2024, the date the financial statements were available to be issued. The Association is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

(l) Comparative Data

Certain 2022 financial statement line items have been reclassified to conform to current year's presentation.

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023, AND 2022

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of December 31, are:

	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 44,550	\$ 143,739
Contracts Receivable	942,368	-
Management Fees Receivable	915,068	462,310
Rent Receivable, Net	459,697	571,272
Due From Buildings	951,599	1,436,475
Other Receivables	<u>51,436</u>	<u>390,318</u>
Total Financial Assets	3,364,718	3,004,114
Less Financial Assets Held to Meet Donor-Imposed Restrictions:		
Time & Purpose-Restricted Net Assets	-	(22,917)
Less Financial Assets not Available Within One Year:		
Restricted Cash - Residents' Council	<u>(5,192)</u>	<u>(5,192)</u>
Amounts Available for General Expenditures Within One Year	<u>\$ 3,359,526</u>	<u>\$ 2,976,005</u>

NOTE 4. RECEIVABLES

a. Rent Receivable

	2023	2022
Rent Receivable	\$ 686,115	\$ 686,115
Less Allowance for Uncollectible Accounts	<u>(226,418)</u>	<u>(114,843)</u>
Rent Receivable, Net	<u>\$ 459,697</u>	<u>\$ 571,272</u>

b. Other Receivables

The Association paid expenses on behalf of various buildings, which are reflected as other receivables in the financial statements.

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023, AND 2022

NOTE 4. RECEIVABLES (continued)

c. Due From Buildings

The Association regularly pays operating and other expenses on behalf of several affiliated housing entities. The Association has been reimbursed sporadically over the years and has thus started systematically writing down balances while still pursuing collection.

As of December 31, the balances consist of the following:

	2023	2022
Due From:		
1244-46 Westchester Avenue, HDFC	\$ 29,245	\$ 45,010
783 Beck Street, HDFC	391,587	457,841
788 Fox Street, HDFC	162,217	162,705
850 Longwood Avenue, HDFC	81,063	111,497
866 Beck Street, HDFC	118,820	142,986
Banana Kelly Longwood, HDFC	246,455	263,320
Banana Kelly Prospect Avenue, HDFC	179,819	223,650
Banana Kelly Union, HDFC	9,047	55,997
Maria & Berardo Houses, HDFC	288,109	314,170
BK Simpson Dawson, HDFC	28,837	61,625
830 Fox Street, HDFC	32,122	47,943
824-834 E 161st Street, HDFC	8,983	13,408
Various Other Buildings	<u>630,769</u>	<u>542,642</u>
	2,207,073	2,442,794
Less Due To:		
East Harlem/ El Barrio HDFC	62,128	52,585
MHANY	34,942	22,048
Joe BK Cluster	1,158,404	918,818
Banana Kelly CIA	<u>-</u>	<u>12,868</u>
	1,255,474	1,006,319
Due From Buildings, Net	<u>\$ 951,599</u>	<u>\$ 1,436,475</u>

BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023, AND 2022

NOTE 5. NET PROPERTY AND EQUIPMENT

Property and equipment on December 31, is summarized as follows:

	2023	2022
Leasehold Improvements	\$ 45,785	\$ 25,785
Furniture and Equipment	156,985	156,985
HVAC	18,500	18,500
Software	<u>65,292</u>	<u>65,292</u>
Total Property and Equipment	286,562	266,562
Less: Accumulated Depreciation	<u>(199,492)</u>	<u>(184,174)</u>
Net Property And Equipment	<u>\$ 87,070</u>	<u>\$ 82,388</u>

NOTE 6. LOAN PAYABLE

Since 2018 the Association has received sporadic funding from the Joint Ownership Entity (Joe NYC) to bolster cash flow and the Association balance sheet. Joe NYC a 501(c)(3) is a NYC community corporation established to confront the affordable housing crisis, which the Association is a member firm. As of December 31, 2023, and 2022, the balance due Joe NYC including accrued interest totaled \$450,985 and \$437,850, respectively. This loan is not currently being amortized.

NOTE 7. RECOVERABLE GRANT PAYABLE

The Association received a 3-year grant of \$375,000 (\$125,000 each year) from Deutsche Bank, for support of the working capital 9 program. As part of the grant agreement, \$255,000 will be recognized as grant income, and \$120,000 will be paid back to the funder. \$40,000 and \$80,000, is the outstanding balance due on the recoverable grant as of December 31, 2023, and 2022, respectively.

NOTE 8. RESTRICTED CASH RESIDENTS' COUNCIL

The Association actively supports resident participation in its housing and activities. To that end, the Association has organized a Resident's Council that works with staff and boards on issues, engages in grass roots fundraising, and oversees the use of our community space. Excess funds generated from those events go into a segregated account that is utilized pursuant to the priorities set by the Resident's Council. Such priorities thus far have ranged from holiday parties to the installation of security cameras in many of our buildings.

NOTE 9. IN KIND CONTRIBUTION

In-kind contributions consisted of the following:

Office space	\$28,800
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BANANA KELLY COMMUNITY IMPROVEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023, AND 2022

NOTE 10. LITIGATION

During December 2011, the Association commenced a legal action against former property manager, Schur Management Company, Ltd. ("Schur") in Bronx County Supreme Court, seeking injunctive relief and money damages for breach of contract. Schur filed an action against the Association around the same time seeking injunctive relief and money damages for breach of contract. Both have been consolidated. As a result of the litigation, the Association was able to take possession of its tenant's files and other books and records from Schur, and Schur was initially required to turn over rent money it had been improperly withholding from the Association.

Pursuant to a court order, the Association was required in April-May 2018 to deposit the sum of \$232,625 into an escrow account under the control of the law firm as escrow agent (the "Escrow Sum"). The Escrow Sum, which represents rents collected by Schur after it was terminated as property manager, and which was turned over to the Association pursuant to prior order, is to be kept in escrow pending a final determination of the parties' respective claims.

The Association evaluation of this matter as a loss contingency is remote. That is, the chance of the likelihood of an unfavorable outcome is not likely to occur, and, to the extent that it does occur, the Association believes that our exposure is adequately covered by the amount held by its attorneys in escrow.

NOTE 11. PRIOR PERIOD ADJUSTMENTS

The December 31, 2023, net asset balance was adjusted to reflect the net effect of changes to beginning due from buildings accounts, the exclusion of Neighborhood Restore transaction from prior year's balances and adjustment to unsupported prepaid insurance.

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