BROADWAY FINANCIAL CORP \DE\
Form 10QSB
August 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-QSB
(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For transition period from__________ to___________

Commission file number 0-27464

BROADWAY FINANCIAL CORPORATION
(Exact name of small business issuer as specified in its charter)

Delaware 95-4547287
(State or other jurisdiction of incorporation or
(IRS Employer Identification No.)organization)

4800 Wilshire Boulevard, Los Angeles, California 90010
(Address of principal executive offices)

(323) 634-1700
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 904,738 shares of the Company's Common Stock, par value $0.01 per share, were issued and outstanding as of July 31, 2002.

Transitional Small Business Disclosure Format (Check one):

Yes [ ] No [x]

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BROADWAY FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollars in thousands, except share amounts)
(Unaudited)

	June 30, 2002
Assets:	
Cash	$ 4,317
Fed funds sold	500
Interest bearing deposits	3,002
Investment securities held to maturity	2,000
Investment securities available for sale	8,669
Mortgage-backed securities held to maturity	13,650
Loans receivable, net	134,086
Loans receivable held for sale, at lower of cost or fair value	4,311
Accrued interest receivable	935

Real estate acquired through foreclosure, net	107
Federal Home Loan Bank Stock, at cost	1,439
Office properties and equipment, net	5,903
Other assets	488
Total assets	$ 179,407
Liabilities and stockholders' equity	
Deposits	$ 150,981
Advances from Federal Home Loan Bank	10,750
Advance payments by borrowers for taxes and insurance	262
Deferred income taxes	572
Other liabilities	1,689
Total liabilities	164,254
Stockholders' Equity:	
Preferred non-convertible, non-cumulative, and non-voting stock, $.01 par value, authorized 1,000,000 shares; issued and outstanding 55,199 shares at June 30,2002 and December 31, 2001	1
Common stock, $.01 par value, authorized 3,000,000 shares; issued and outstanding 904,738 shares at June 30, 2002 and 910,538 shares at December 31, 2001.	10
Additional paid-in capital	9,494
Accumulated other comprehensive earnings, net of taxes	24
Retained earnings-substantially restricted	6,350
Treasury stock-at cost, 56,997 shares at June 30, 2002 and 51,197 shares at December 31, 2001	(553)
Unearned Employee Stock Ownership Plan shares	(173)
Total stockholders' equity	15,153
Total liabilities and stockholders' equity	$ 179,407

See Notes to Consolidated Financial Statements

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BROADWAY FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Earnings
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months ended June 30, 2002	Three Months ended June 30, 2001
Interest on loans receivable	$ 2,753	$ 2,860
Interest on investment securities held to maturity	21	42

Interest on investment securities available for sale	56	36
Interest on mortgage-backed securities	202	175
Other interest income	63	192
Total interest income	3,095	3,305
Interest on deposits	966	1,475
Interest on borrowings	122	146
Total interest expense	1,088	1,621
Net interest income before provision for loan losses	2,007	1,684
Provision for loan losses	-	45
Net interest income after provision for loan losses	2,007	1,639
Noninterest income:		
Service charges	211	175
Gain on loans receivable held for sale	1	-
Other	18	23
Total noninterest income	230	198
Noninterest expense:		
Compensation and benefits	876	807
Occupancy expense, net	343	309
Advertising and promotional expense	41	37
Professional services	106	72
Real estate operations, net	(5)	-
Contracted security services	42	41
Telephone and postage	32	58
Stationary, printing and supplies	28	30
Other	241	227
Total noninterest expense	1,704	1,581
Earnings before income taxes	533	256
Income taxes	211	100
Net earnings	322	156
Other comprehensive income (loss):		
Unrealized income (loss) on securties available for sale	47	(5)
Income tax (expenses) benefits	(20)	2
Other comprehensive income (loss)	27	(3)
Comprehensive earnings	$ 349	$ 153
Net earnings	$ 322	$ 156
Dividends paid on preferred stock	(7)	(7)
Earnings available to common shareholders	$ 315	$ 149
Earnings per share-basic	0.35	0.17
Earnings per share-diluted	0.35	0.17

Dividend declared per share-common stock	0.05	0.05
Basic weighted average shares outstanding	890,284	876,349
Diluted weighted average shares outstanding	902,858	876,349

See Notes to Consolidated Financial Statements

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BROADWAY FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Six months ended June	
	2002	2001
Cash flows from operating activities		
Net earnings	$ 648	$ 33
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation	216	18
Amortization of premiums and discounts on loans purchased	(110)	
Amortization of net deferred loan origination fees	(175)	4
Amortization of discounts and premium on investment securities and mortgage-backed securities	83	(
Amortization of deferred compensation	42	3
Gain on sale of securities available for sale	(5)	
Loss (gain) on disposal of fixed assets	63	(1
Provision for loan losses	-	7
Loans originated for sale	(557)	(12
Proceeds from sale of loans receivable held for sale	645	18
Purchases of loans held for sale	-	(8,00
Principal repayment on loans held for sale	2,963	1,10
Changes in operating assets and liabilities:		
Accrued interest receivable	8	7
Other assets	(31)	18
Accrual for branch closure	-	5
Deferred income taxes	-	(
Other liabilities	352	(46
Total adjustments	3,494	(6,67
Net cash provided by (used in) operating activities	4,142	(6,33
Cash flows from investing activities		
Loans originated, net of refinances	(12,002)	(11,17
Principal repayment on loans	12,031	7,88
Purchases of investment securities held-to-maturity	(2,000)	(2,00

Purchases of mortgage-backed securities held-to-maturity	(2,093)	(1,32
Purchases of securities available for sale	(8,028)	(4,60
Proceeds from maturities of interest bearing deposits	2,026	
Proceeds from maturities of investment securities held-to-maturity	-	10,62
Proceeds from maturities of mortgage-backed securities held-to-maturity	2,291	1,57
Proceeds from sale of securities available for sale	4,005	
Purchase of Federal Home Loan Bank stock	(40)	(4
Proceeds from sale of fixed assets	-	21
Capital expenditures for office properties and equipment	(181)	(13
Net cash provided by (used in) investing activities	(3,991)	1,00

See Notes to Consolidated Financial Statements

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BROADWAY FINANCIAL CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Six months ended J	
	2002	20
Cash flows from financing activities		
Net increase (decrease) in deposits	$ (175)	$ 1
Decrease in advances from Federal Home Loan Bank	(250)	(
Dividends paid	(102)	
Purchases of treasury stock	(84)	
Increase (decrease) in advances by borrowers for taxes and insurance	38	
Net cash provided by (used in) financing activities	(573)	
Net increase (decrease) in cash and cash equivalents	(422)	
Cash and cash equivalents at beginning of period	5,239	1
Cash and cash equivalents at end of period	$ 4,817	$ 1
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,387	$
Cash paid for income taxes	$ 309	$
Supplemental disclosure of noncash investing and financing activities		

Transfers of loans to real estate acquired through foreclosure	$ 107	$

See Notes to Consolidated Financial Statements

BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
JUNE 30, 2002

NOTE (1) - Basis of Financial Statement Presentation

The unaudited consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and pursuant to the instructions for Form 10-QSB and rules and regulations of the Securities and Exchange Commission. In the opinion of the management of Broadway Financial Corporation (the "Company"), the preceding unaudited consolidated financial statements contain all material adjustments, consisting solely of normal recurring accruals, necessary to present fairly the consolidated financial position of the Company and its subsidiaries at June 30, 2002 and the results of their operations and comprehensive earnings for the three months and six months ended June 30, 2002 and 2001, and their cash flows for the six months ended June 30, 2002 and 2001. These consolidated financial statements do not include all disclosures associated with the Company's consolidated annual financial statements included in its annual report on Form 10-KSB for the year ended December 31, 2001 and, accordingly, should be read in conjunction with such audited statements. The results of operations for the three months and six months ended June 30, 2002 are not necessarily indicative of the results to be expected for the full year.

NOTE (2) - Earnings Per Share

Basic earnings per share were computed by dividing net earnings available to common shareholders by the weighted average number of shares of Common Stock outstanding for the period (890,284 and 876,349 shares for the three months ended June 30, 2002 and 2001, and 890,722 and 875,538 shares for the six months ended June 30, 2002 and 2001, respectively). Diluted earnings per shares reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted earnings per share additionally included the dilutive effect of Common Stock equivalents (902,858 and 876,349 shares for the three months ended June 30, 2002 and 2001 and 902,077 and 875,538 shares for the six months ended 2002 and 2001, respectively).

NOTE (3) - Cash and Cash Equivalents

For purposes of reporting cash flows in the "Consolidated Statements of Cash Flows", cash and cash equivalents include cash and fed funds sold.

NOTE (4) - Current Accounting Issues

In April 2002, the FASB issued SFAB No. 145. Statement of Financial Accounting Standards No. 145, "Rescission of SFAS Statements No. 4, 44, and 64, Amendment of SFAS Statement No. 13, and Technical Corrections" ("SFAS 145"), updates, clarifies and simplifies existing accounting pronouncements. SFAS 145 rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt." SFAS 145 amends SFAS No. 13, "Accounting for Leases," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The provisions of SFAS 145 related to SFAS No. 4 and SFAS No. 13 are effective for fiscal years beginning and transactions occurring after May 15, 2002, respectively. Management anticipates the adoption of SFAS 145 will not have a material impact on the Company's consolidated financial statement.

In June 2002, the FASB issued SFAS No. 146. Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146") which requires the recognition of costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS 146 replaces Emerging Issues Task Force ("EITF") Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." The provisions of SFAS 146 are to be applied to prospectively to exit or disposal activities initiated after December 31, 2002. Management anticipates the adoption of SFAS 146 will not have a material impact on the Company's consolidated financial statement.

NOTE (5) - Critical Accounting Policy

Accounting for the allowance for loan losses involves significant judgments and assumptions by management, which have a material impact on the carrying value of net loans. Management considers this accounting policy to be a critical accounting policy. The judgments and assumptions used by management are based on historical experience, current economic trends, the borrowers ability to repay and repayment performance and other factors, which are believed to be reasonable under the circumstances as described under the heading "Loans Receivable and the Allowance for Loan Losses" in the Note to Consolidated Financial Statements included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements under this caption may constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 which involve risks and uncertainties. Actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such a difference include, but are not limited to, economic conditions, competition in the geographic and business areas in which we conduct our operations, fluctuations in the interest rates, credit quality and government regulation.

General

Broadway Financial Corporation (the "Company") is primarily engaged in the savings and loan business through its wholly owned subsidiary, Broadway Federal Bank, f.s.b. ("Broadway Federal" or "the Bank"). Broadway Federal is a community-oriented savings institution dedicated to serving the African American, Hispanic and other communities of Mid and South Los Angeles, California. Broadway Federal's business is that of a financial intermediary and consists primarily of attracting deposits from the general public and using such deposits, together with borrowings and other funds, to make mortgage loans secured by residential real estate located in Southern California. At June 30, 2002, Broadway Federal operated four retail banking offices in Mid-City and South Central Los Angeles. Broadway Federal is subject to significant competition from other financial institutions, and is also subject to regulation by federal agencies and undergoes periodic examinations by those regulatory agencies.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Broadway Federal and BankSmart, Inc. (a dormant company). All significant inter-company balances and transactions have been eliminated in consolidation.

The Company's principal business is serving as a holding company for Broadway Federal. The Company's results of operations are dependent primarily on its net interest income, which is the difference between the interest income earned on its interest-earning assets, such as loans and investments, and the interest expense paid on its interest-bearing liabilities, such as deposits and borrowings. Broadway Federal also generates recurring non-interest income, such as transactional fees on its loan and deposit portfolios. The Company's operating results are affected by the amount of provisions for loan losses and the Bank's non-interest expenses, which consist principally of employee compensation and benefits, occupancy expenses, technology and communication costs. More generally, the results of operations of thrift and banking institutions are also affected by prevailing economic conditions, competition, and the monetary and fiscal policies of governmental agencies.

Comparison of Operating Results for the Three Months and Six Months ended June 30, 2002 and June 30, 2001

General

The Company recorded net earnings of $322,000 and $648,000, or $ 0.35 and $0.70 per diluted common share, respectively, for the three months and six months ended June 30, 2002, compared to net earnings of $156,000 and $337,000, or $0.17 and $0.37 per diluted common share, respectively, for the three months and six months ended June 30, 2001. The increase in net earnings from 2001 to 2002 resulted primarily from higher net interest income, offset by higher non-interest expense.

Net Interest Income

Net interest income after provision for loan losses increased by $368,000 and $803,000, or 22.45% and 25.20%, respectively, from $1,639,000 and $3,187,000 for the three months and six months ended June 30, 2001, respectively, to $2,007,000 and $3,990,000 for the same periods in 2002. The increase was attributable primarily to increases in average interest-earning assets of $6.9 million and $7.7 million, respectively, increases in the net interest rate spread of 61 basis points and 68 basis points, respectively and the absence of a provision for loan losses for the three months and six months ended June 30, 2002 as compared to the same periods in 2001.

The net interest rate spreads for the three months and six months ended June 30, 2002 were 4.52% and 4.51%, respectively, compared to 3.91% and 3.83%, respectively, for the same periods in 2001. The increase in spread was attributable to the rapid decline in deposit cost of funds, and a slower decline in yield on the loan portfolio. The primary spread (weighted average interest rate on loans minus weighted average interest rate on deposits) for the six months ended June 30, 2002 was 5.37% compared to 4.77% for the same period in 2001.

Non-interest Income

Non-interest income increased by $32,000 and $93,000, or 16.16% and 25.00%, respectively, from $198,000 and $372,000 for the three months and six months ended June 30, 2001, to $230,000 and $465,000, respectively, for the same periods in 2002. The increase in non-interest income was primarily attributable to a higher volume of service charges.

Non-interest Expense

Total non-interest expense increased from $1,581,000 and $2,988,000 for the three months and six months ended June 30, 2001, respectively, to $1,704,000 and $3,368,000 for the same periods in 2002. The increase was primarily attributable to higher compensation and benefits expense, higher occupancy expense, higher professional service fees and higher other expense offset by lower advertising and promotional expense and telephone and postage.

Compensation and benefits expense increased by $69,000 and $166,000, respectively, for three months and six months ended June 30, 2002, as compared to the same periods in 2001. The increase was principally due to the addition of several management level personnel, higher incentive bonus accruals and other compensation benefits.

Occupancy expense, which includes furniture, fixture and equipment expense, increased by $34,000 and $82,000, respectively, for the three months and six months ended June 30, 2002 as compared to the same periods in 2001. The increase was primarily due to higher leasing and computer equipment costs during the current year.

Professional services increased by $34,000 and $86,000, respectively, for the three months and six months ended June 30, 2002, as compared to the same periods in 2001. For the six months ended June 30, 2002, the increase was primarily due to a $12,000 increase in legal fees, a $53,000 increase in operational consulting fees and a $21,000 increase in audit fees as compared to 2001.

Other non-interest expense increased by $14,000 and $107,000, respectively, for the three months and six months ended June 30, 2002, as compared to the same periods in 2001. The increase in other non-interest expense was primarily due to the write off of obsolete furniture, fixtures and equipment, and an increase in item processing fees, offset by decreases in savings losses, loan expenses, FDIC premium and courier service expense.

Provision for Loan Losses

The provision for loan losses decreased by $45,000 and $75,000, respectively, from $45,000 and $75,000, respectively, for the three months and six months ended June 30, 2001 to zero for the same periods in 2002.

As of June 30, 2002 the Company's allowance for loan losses totaled $1.6 million, unchanged from the balance at December 31, 2001. The allowance for loan losses represents 1.11% of gross loans at June 30, 2002 compared to 1.10% at December 31, 2001. The allowance for loan losses was 187.02% of non-accrual loans at June 30, 2002, compared to 335.68% at December 31, 2001.

Total non-performing assets, consisting of non-accrual loans and real estate acquired through foreclosure ("REO"), increased by $479,000, from $468,000 at December 31, 2001 to $947,000 at June 30, 2002. The increase in non-accrual loans was primarily due to a loan secured by a church property. Non-accrual loans at June 30, 2002 included two loans totaling $90,000 secured by one- to four-unit properties, one loan for $608,000 secured by a church property and two unsecured loans totaling $142,000. There was one REO for $107,000 as of June 30, 2002. As a percentage of total assets, non-performing assets were 0.53% at June 30, 2002, compared to 0.26% at December 31, 2001.

The lack of a provision for loan losses for the quarter ended June 30, 2002 results from management's ongoing assessment of the Company's level of credit risk inherent in the portfolio and changes within the loan categories resulting from various factors, including new loan originations, loan repayments, prepayments and changes in asset classifications. Management will continue to monitor the allowance for loan losses and adjust the Company's provision for loan losses based on the risks inherent in the loan portfolio.

Management believes that the allowance for loan losses is adequate to cover inherent losses in its loan portfolio as of June 30, 2002, but there can be no assurance that actual losses will not exceed the estimated amounts. In addition, the Office of Thrift Supervision and the Federal Deposit Insurance Corporation periodically review the Company's allowance for loan losses as an integral part of their examination process. These agencies may require the Company to increase the allowance for loan losses based on their judgments of the information available to them at the time of the examination.

Income Taxes

The Company's effective tax rate was approximately 40%, for the three months and six months ended June 30, 2002, compared to 39% and 41% for the same period in the prior year. Broadway Federal computed income taxes by applying the statutory federal income tax rate of 34% and California income tax rate of 10.84% to earnings before income taxes. California income taxes are reduced by tax credits relating to the Los Angeles Revitalization Zone.

Comparison of Financial Condition at June 30, 2002 and December 31, 2001

Total assets at June 30, 2002 were $179.4 million, compared to $178.9 million at December 31, 2001, representing an increase of $500,000. Net loans receivable (excluding loans held for sale) increased from $133.9 million at December 31, 2001 to $134.1 million at June 30, 2002 as a result of $12.0 million in new loan originations, and a decrease in discounts and deferred loan fees of $285,000, offset by $12.1 million in principal repayments.

Loans held for sale at June 30, 2002 were $4.3 million, as compared to $7.4 million at December 31, 2001. During the period, loans originated that were classified as held-for-sale totaled $557,000, principal repayments totaled $3.0 million and loans sold totaled $645,000.

Total liabilities at June 30, 2002 and December 31, 2001 amounted to $164.3 million. Deposits decreased $175,000, or 0.12%, from $151.2 million at December 31, 2001 to $151.0 million at June 30, 2002. The Bank has targeted and has been able to increase core deposits (NOW, Demand, Money Market, and Passbook accounts) by $6.0 million, while managing rates paid on CD accounts, including Jumbo CDs, resulting in a decline in CD accounts of $6.2 million. Core deposits amounted to 40.01% of total deposits at June 30, 2002, compared to 35.95% at December 31, 2001.

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FHLB advances decreased by $250,000 since December 31, 2001 as a result of pay-offs of advances with a interest rate of 6.76%, off-set by new advances with lower interest rates of 2.21%.

Total capital at June 30, 2002 was $15.2 million, compared to $14.6 million at December 31, 2001. The $525,000 increase was primarily due to net earnings for the period and the allocation of ESOP shares, offset by cash dividends declared.

Liquidity, Capital Resources and Market Risk

Sources of liquidity and capital for the Company on a stand-alone basis primarily include distributions from the Bank. Dividends and other capital distributions from the Bank are subject to regulatory restrictions.

The Bank's primary sources of funds are deposits, principal and interest payments on loans, mortgage backed securities and investments, and advances from the FHLB. At June 30, 2002 and December 31, 2001, FHLB advances totaled $10.8 million and $11.0 million, respectively. Other sources of liquidity include principal repayments on mortgage-backed securities and other investments.

Since December 31, 2001 there has been no material change in the Company's interest rate sensitivity as of June 30, 2002. For a discussion on the Company's interest rate sensitivity and market risk, see the Company's annual report for the year ended December 31, 2001, including the Company's audited financial statements and the notes thereto.

Regulatory Capital

The OTS capital regulations include three separate minimum capital requirements for savings institutions that are subject to OTS supervision. First, the tangible capital requirement mandates that the Bank's stockholder's equity, less intangible assets, be at least 1.50% of adjusted total assets as defined in the capital regulations. Second, the core capital requirement currently mandates that core capital (tangible capital plus certain qualifying intangible assets) be at least 4.00% of adjusted total assets as defined in the capital regulations. Third, the risk-based capital requirement presently mandates that core capital plus supplemental capital (as defined by the OTS) be at least 8.00% of risk-weighted assets as prescribed in the capital regulations. The capital regulations assign specific risk weightings to all assets and off-balance sheet items.

Broadway Federal was in compliance with all capital requirements in effect at June 30, 2002, and meets all standards necessary to be considered "well-capitalized" under the prompt corrective action regulations adopted by the OTS pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). The following table reflects the required and actual regulatory capital ratios of Broadway Federal at the date indicated:

Regulatory Capital Ratios for Broadway Federal	FIRREA Minimum Requirement	FDICIA "Well-capitalized" Requirement	Actual At June 30, 2002
Tangible capital	1.50%	N/A	7.51%
Core capital	4.00%	5.00%	7.51%
Risk-based capital	8.00%	10.00%	13.07%
Tier 1 Risk-based capital	N/A	6.00%	11.82%

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Company was held on June 19, 2002 for the following purposes:

(a) To elect three directors to serve until the Annual Meeting to be held in the year 2005 and or until their successors are elected and have been qualified.

The Stockholders re-elected Mr. Stephen N. Rippe, Mr. Albert Odell Maddox and Mr. Daniel A. Medina to serve as directors for terms of three years each. The number of votes for each of the directors is detailed below:

Mr. Stephen N. Rippe	
For	803,067
Abstain	3,762

Mr. Albert Odell Maddox	
For	802,740
Abstain	4,089
Mr. Daniel A. Medina	
For	803,118
Abstain	3,711

(b) To ratify the appointment of KPMG LLP as the Company's independent auditors for 2002.

The Stockholders ratified the appointment of KPMG LLP as the Company's independent auditors based upon total votes for of 800,029, votes of 462 against and 6,338 Abstentions.

(c) To amend the Long Term Incentive Plan.

The Stockholders approved the amendment to the Long Term Incentive Plan based upon total votes for of 747,500, votes of 53,951 against and 5,378 abstentions.

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURES

In accordance with the requirements of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2002

By: /s/ PAUL C. HUDSON
Paul C. Hudson
President and Chief Executive Officer
Broadway Financial Corporation

Date: August 14, 2002

By: /s/ ALVIN D. KANG
Alvin D. Kang
Chief Financial Officer
Broadway Financial Corporation

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Section 906 Certification

The following statement is provided by the undersigned to accompany the foregoing Report on Form 10-QSB pursuant to 18 U.S.C. Section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed filed pursuant to any provision of the Exchange Act of 1934 or any other securities law.

Each of the undersigned certifies that the foregoing Report on Form 10-QSB fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m) and that the information contained in the Form 10-QSB fairly presents, in all material respects, the financial condition and results of operations of Broadway Financial Corporation as of and for the three and six months ended June 30, 2002.

Date: August 14, 2002

By: /s/ PAUL C. HUDSON
Paul C. Hudson
President and Chief Executive Officer
Broadway Financial Corporation

Date: August 14, 2002

By: /s/ ALVIN D. KANG

Alvin D. Kang
Chief Financial Officer
Broadway Financial Corporation

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