



**NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.  
AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS AND  
THE UNIFORM GUIDANCE  
DECEMBER 31, 2022 AND 2021**

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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December 31, 2022 and 2021

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**Unmodified Opinion on Financial Statements Accompanied by  
Supplementary Information – Not-For-Profit Entity**

Independent Auditor's Report

To the Board of Directors of  
Neighborhood of Affordable Housing, Inc. and Affiliates:

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the consolidating financial statements of Neighborhood of Affordable Housing, Inc. (a Massachusetts corporation, not for profit) and Affiliates (collectively, NOAH and Affiliates), which comprise the consolidating statements of financial position as of December 31, 2022 and 2021, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of Neighborhood of Affordable Housing, Inc. and Affiliates as of December 31, 2022 and 2021, and the changes in their net assets and their 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 NOAH and Affiliates 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. The financial statements of certain for-profit entities were not audited in accordance with *Government Auditing Standards*.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NOAH and Affiliates' ability to continue as a going concern within one year after the date that the consolidating 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 consolidating 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 GAAS and *Government 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 consolidating financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 NOAH and Affiliates' 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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NOAH and Affiliates' 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.

## ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying supplementary information shown on pages 37 through 43 as of and for the years ended December 31, 2022 and 2021, is presented for purposes of additional analysis and is not a required part of the basic consolidating financial statements. Also, the Schedule of Expenditures of Federal Awards for the year ended December 31, 2022, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information shown on pages 37 through 43 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the consolidating financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2023, on our consideration of NOAH and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NOAH and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOAH and Affiliates' internal control over financial reporting and compliance.

*AAFCPAs, Inc.*

Boston, Massachusetts  
May 17, 2023

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2022

(With Summarized Comparative Totals as of December 31, 2021)

Assets	2022					Total	2021 Total
	NOAH	Peace Properties	NOAH CDFI	Rental Programs (Exhibit A)	Eliminations		
Current Assets:							
Cash	\$ 2,950,385	\$ 52,381	\$ 891	\$ 1,330,766	\$ -	\$ 4,334,423	\$ 4,609,163
Current portion of restricted deposits	-	-	14,406	433,010	-	447,416	434,015
Current portion of contracts, loans and other receivables	1,252,146	8,970	1,281	319,181	-	1,581,578	1,012,368
Current portion of due from affiliates	2,429,482	15,857	242,616	40,000	(2,727,955)	-	-
Prepaid expenses and other	12,732	580	70	192,762	-	206,144	182,430
Total current assets	6,644,745	77,788	259,264	2,315,719	(2,727,955)	6,569,561	6,237,976
Certificates of Deposit	726,498	-	-	-	-	726,498	723,902
Restricted Deposits, net of current portion	-	-	-	2,356,523	-	2,356,523	2,335,940
Contracts, Loans and Other Receivables, net	-	-	84,576	-	-	84,576	85,980
Due from Affiliates, net	3,327,075	-	652,494	-	(3,979,569)	-	-
Capitalized Costs, net	-	-	-	93,408	-	93,408	104,431
Projects Under Development	2,611,377	3,691,710	-	-	-	6,303,087	4,173,888
Property and Equipment, net	31,513	1,735,230	-	84,497,890	(662,048)	85,602,585	87,976,066
Total assets	\$ 13,341,208	\$ 5,504,728	\$ 996,334	\$ 89,263,540	\$ (7,369,572)	\$ 101,736,238	\$ 101,638,183
Liabilities and Net Assets							
Current Liabilities:							
Current portion of mortgage and notes payable	\$ 702,456	\$ 32,787	\$ -	\$ 13,051,634	\$ -	\$ 13,786,877	\$ 10,397,178
Current portion of contingent loans and advances	-	-	-	582,170	-	582,170	-
Current portion of accrued interest	157,055	14,105	-	355,612	(19,207)	507,565	350,236
Construction payable	217,338	269,545	-	-	-	486,883	410,232
Accounts payable and other liabilities	358,605	9,563	-	819,523	-	1,187,691	1,075,316
Current portion of due to affiliates	55,857	1,225,899	-	1,426,992	(2,708,748)	-	-
Total current liabilities	1,491,311	1,551,899	-	16,235,931	(2,727,955)	16,551,186	12,232,962
Long-Term Liabilities:							
Conditional grant advance	2,532,806	-	-	-	-	2,532,806	813,731
Mortgage and notes payable, net	2,104,161	888,044	-	12,105,089	-	15,097,294	18,575,096
Due to affiliates, net of current portion	45,020	3,363,909	186,234	2,335,427	(5,930,590)	-	-
Accrued interest, net of current portion	-	-	-	6,294,923	(1,447,993)	4,846,930	4,344,810
Contingent loans and advances, net	-	-	-	41,104,598	(9,817,781)	31,286,817	31,638,843
Total long-term liabilities	4,681,987	4,251,953	186,234	61,840,037	(17,196,364)	53,763,847	55,372,480
Total liabilities	6,173,298	5,803,852	186,234	78,075,968	(19,924,319)	70,315,033	67,605,442
Net Assets:							
Without donor restrictions:							
Operating	2,068,640	43,398	810,100	99,204	210,488	3,231,830	3,606,698
Development	3,595,975	-	-	-	-	3,595,975	2,736,671
Property and equipment	31,513	(342,522)	-	11,088,368	(4,559,128)	6,218,231	5,815,598
Total without donor restrictions	5,696,128	(299,124)	810,100	11,187,572	(4,348,640)	13,046,036	12,158,967
With donor restrictions	1,471,782	-	-	-	-	1,471,782	2,736,268
Total net assets attributable to NOAH	7,167,910	(299,124)	810,100	11,187,572	(4,348,640)	14,517,818	14,895,235
Non-controlling interests	-	-	-	-	16,903,387	16,903,387	19,137,506
Total net assets	7,167,910	(299,124)	810,100	11,187,572	12,554,747	31,421,205	34,032,741
Total liabilities and net assets	\$ 13,341,208	\$ 5,504,728	\$ 996,334	\$ 89,263,540	\$ (7,369,572)	\$ 101,736,238	\$ 101,638,183

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Financial Position  
December 31, 2021

Assets	NOAH	Peace Properties	NOAH CDFI	Rental Programs (Exhibit B)	Eliminations	Total
Current Assets:						
Cash	\$ 3,159,521	\$ 72,989	\$ 1,653	\$ 1,375,000	\$ -	\$ 4,609,163
Current portion of restricted deposits	-	-	15,401	418,614	-	434,015
Current portion of contracts, loans and other receivables	857,672	8,970	1,220	144,506	-	1,012,368
Current portion of due from affiliates	1,418,938	15,857	242,616	28,000	(1,705,411)	-
Prepaid expenses and other	6,365	580	101	175,384	-	182,430
Total current assets	5,442,496	98,396	260,991	2,141,504	(1,705,411)	6,237,976
Certificates of Deposit	723,902	-	-	-	-	723,902
Restricted Deposits, net of current portion	-	-	-	2,335,940	-	2,335,940
Contracts, Loans and Other Receivables, net	-	-	85,980	-	-	85,980
Due from Affiliates, net	3,119,750	170,872	657,743	-	(3,948,365)	-
Capitalized Costs, net	-	-	-	104,431	-	104,431
Projects Under Development	1,694,189	2,479,699	-	-	-	4,173,888
Property and Equipment, net	31,584	1,790,594	-	86,835,313	(681,425)	87,976,066
Total assets	\$ 11,011,921	\$ 4,539,561	\$ 1,004,714	\$ 91,417,188	\$ (6,335,201)	\$ 101,638,183
<b>Liabilities and Net Assets</b>						
Current Liabilities:						
Current portion of mortgage and notes payable	\$ 14,789	\$ 33,238	\$ -	\$ 10,349,151	\$ -	\$ 10,397,178
Current portion of accrued interest	102,521	19,836	-	275,518	(47,639)	350,236
Construction payable	145,305	264,927	-	-	-	410,232
Accounts payable and other liabilities	346,209	2,833	2,537	723,737	-	1,075,316
Current portion of due to affiliates	43,857	557,007	-	1,056,908	(1,657,772)	-
Total current liabilities	652,681	877,841	2,537	12,405,314	(1,705,411)	12,232,962
Long-Term Liabilities:						
Conditional grant advance	813,731	-	-	-	-	813,731
Mortgage and notes payable, net	2,596,056	912,689	-	15,066,351	-	18,575,096
Due to affiliates, net of current portion	45,020	3,013,335	186,234	2,689,713	(5,934,302)	-
Accrued interest, net of current portion	-	-	-	5,535,429	(1,190,619)	4,344,810
Contingent loans and advances	-	-	-	41,459,996	(9,821,153)	31,638,843
Total long-term liabilities	3,454,807	3,926,024	186,234	64,751,489	(16,946,074)	55,372,480
Total liabilities	4,107,488	4,803,865	188,771	77,156,803	(18,651,485)	67,605,442
Net Assets:						
Without donor restrictions:						
Operating	2,439,648	70,736	684,708	53,751	357,855	3,606,698
Development	2,736,671	-	-	-	-	2,736,671
Property and equipment	31,584	(335,040)	-	13,899,526	(7,780,472)	5,815,598
Total without donor restrictions	5,207,903	(264,304)	684,708	13,953,277	(7,422,617)	12,158,967
With donor restrictions	1,696,530	-	131,235	307,108	601,395	2,736,268
Total net assets attributable to NOAH	6,904,433	(264,304)	815,943	14,260,385	(6,821,222)	14,895,235
Non-controlling interests	-	-	-	-	19,137,506	19,137,506
Total net assets	6,904,433	(264,304)	815,943	14,260,385	12,316,284	34,032,741
Total liabilities and net assets	\$ 11,011,921	\$ 4,539,561	\$ 1,004,714	\$ 91,417,188	\$ (6,335,201)	\$ 101,638,183

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Activities  
 For the Year Ended December 31, 2022  
 (With Summarized Comparative Totals for the Year Ended December 31, 2021)

	2022					2021	
	NOAH	Peace Properties	NOAH CDFI	Rental Programs (Exhibit C)	Eliminations	Total	Total
<b>Net Assets Without Donor Restrictions:</b>							
Operating revenues:							
Grants and contributions	\$ 9,056,713	\$ -	\$ -	\$ -	\$ -	\$ 9,056,713	\$ 9,678,438
Rental income, net	36,450	113,564	-	5,651,325	(121,611)	5,679,728	5,440,631
Developer fees	423,154	-	-	-	-	423,154	-
Interest and other income	164,760	10,000	912	136,968	-	312,640	312,943
Property and project management fees	441,723	-	-	-	(423,063)	18,660	93,660
Net assets released from purpose restrictions	654,495	-	-	-	-	654,495	860,546
Total operating revenues	<u>10,777,295</u>	<u>123,564</u>	<u>912</u>	<u>5,788,293</u>	<u>(544,674)</u>	<u>16,145,390</u>	<u>16,386,218</u>
Operating expenses:							
Senior home repair	189,338	-	-	-	(4,193)	185,145	169,280
Housing counseling	8,023,144	-	-	-	(47,277)	7,975,867	8,725,427
Community services	530,159	-	-	-	(13,448)	516,711	581,503
Homebuyer services program	462,190	-	-	-	(13,728)	448,462	418,180
Real estate and economic development	355,246	-	-	-	(20,164)	335,082	503,589
Property management	524,333	-	-	-	(14,540)	509,793	490,982
Peace Properties	-	103,020	-	-	-	103,020	194,764
NOAH CDFI	-	-	6,755	-	-	6,755	4,026
Rental programs	-	-	-	5,410,174	(423,063)	4,987,111	4,768,742
General administration	232,723	-	-	-	(4,107)	228,616	246,379
Fundraising	197,770	-	-	-	(4,154)	193,616	134,207
Total operating expenses before depreciation and amortization	<u>10,514,903</u>	<u>103,020</u>	<u>6,755</u>	<u>5,410,174</u>	<u>(544,674)</u>	<u>15,490,178</u>	<u>16,237,079</u>
Depreciation and amortization	30,568	55,364	-	2,563,018	(19,377)	2,629,573	2,627,263
Total operating expenses	<u>10,545,471</u>	<u>158,384</u>	<u>6,755</u>	<u>7,973,192</u>	<u>(564,051)</u>	<u>18,119,751</u>	<u>18,864,342</u>
Changes in net assets without donor restrictions from operations	<u>231,824</u>	<u>(34,820)</u>	<u>(5,843)</u>	<u>(2,184,899)</u>	<u>19,377</u>	<u>(1,974,361)</u>	<u>(2,478,124)</u>
Non-operating revenue (expenses):							
NWA permanent capital funds released, net	218,113	-	131,235	307,108	601,395	1,257,851	75,156
Gain on sale of property and equipment	-	-	-	-	-	-	471,831
Recovery of due from affiliates	38,288	-	-	-	(38,288)	-	-
Deferred interest	-	-	-	(887,914)	257,374	(630,540)	(609,454)
Total non-operating revenue (expenses)	<u>256,401</u>	<u>-</u>	<u>131,235</u>	<u>(580,806)</u>	<u>820,481</u>	<u>627,311</u>	<u>(62,467)</u>
Changes in net assets without donor restrictions	<u>488,225</u>	<u>(34,820)</u>	<u>125,392</u>	<u>(2,765,705)</u>	<u>839,858</u>	<u>(1,347,050)</u>	<u>(2,540,591)</u>
<b>Net Assets With Donor Restrictions:</b>							
Grants and contributions	647,860	-	-	-	-	647,860	1,265,786
Net assets released from restrictions	(872,608)	-	(131,235)	(307,108)	(601,395)	(1,912,346)	(935,702)
Changes in net assets with donor restrictions	<u>(224,748)</u>	<u>-</u>	<u>(131,235)</u>	<u>(307,108)</u>	<u>(601,395)</u>	<u>(1,264,486)</u>	<u>330,084</u>
Changes in net assets	263,477	(34,820)	(5,843)	(3,072,813)	238,463	(2,611,536)	(2,210,507)
<b>Changes to Net Assets Attributable to Non-Controlling Interests:</b>							
Non-controlling interests	-	-	-	2,234,119	-	2,234,119	2,285,835
Changes in net assets attributable to NOAH	<u>\$ 263,477</u>	<u>\$ (34,820)</u>	<u>\$ (5,843)</u>	<u>\$ (838,694)</u>	<u>\$ 238,463</u>	<u>\$ (377,417)</u>	<u>\$ 75,328</u>

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



NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Activities  
For the Year Ended December 31, 2021

	NOAH	Peace Properties	NOAH CDFI	Rental Programs (Exhibit D)	Eliminations	Total
<b>Net Assets Without Donor Restrictions:</b>						
Operating revenues:						
Grants and contributions	\$ 10,197,520	\$ -	\$ -	\$ -	\$ (519,082)	\$ 9,678,438
Rental income, net	36,000	113,202	-	5,412,678	(121,249)	5,440,631
Interest and other income	103,892	83,298	3	165,260	(39,510)	312,943
Property and project management fees	543,182	-	-	-	(449,522)	93,660
Net assets released from purpose restrictions	760,546	-	-	100,000	-	860,546
Total operating revenues	<u>11,641,140</u>	<u>196,500</u>	<u>3</u>	<u>5,677,938</u>	<u>(1,129,363)</u>	<u>16,386,218</u>
Operating expenses:						
Senior home repair	175,171	-	-	-	(5,891)	169,280
Housing counseling	8,735,046	-	-	-	(9,619)	8,725,427
Community services	601,069	-	-	-	(19,566)	581,503
Homebuyer services program	433,117	-	-	-	(14,937)	418,180
Real estate and economic development	529,998	-	-	-	(26,409)	503,589
Property management	513,029	-	-	-	(22,047)	490,982
Peace Properties	-	194,764	-	-	-	194,764
NOAH CDFI	-	-	4,026	-	-	4,026
Rental programs	-	-	-	5,737,346	(968,604)	4,768,742
General administration	263,268	-	-	-	(16,889)	246,379
Fundraising	140,098	-	-	-	(5,891)	134,207
Total operating expenses before depreciation and amortization	<u>11,390,796</u>	<u>194,764</u>	<u>4,026</u>	<u>5,737,346</u>	<u>(1,089,853)</u>	<u>16,237,079</u>
Depreciation and amortization	23,067	55,364	-	2,568,209	(19,377)	2,627,263
Total operating expenses	<u>11,413,863</u>	<u>250,128</u>	<u>4,026</u>	<u>8,305,555</u>	<u>(1,109,230)</u>	<u>18,864,342</u>
Changes in net assets without donor restrictions from operations	<u>227,277</u>	<u>(53,628)</u>	<u>(4,023)</u>	<u>(2,627,617)</u>	<u>(20,133)</u>	<u>(2,478,124)</u>
Non-operating revenue (expenses):						
NWA permanent capital funds released	-	-	75,156	-	-	75,156
Gain on sale of property and equipment	-	-	-	471,831	-	471,831
Recovery of (provisions against) due from affiliates	(373,058)	18,780	-	-	354,278	-
Recovery of loans receivable	390,558	-	-	-	(390,558)	-
Deferred interest	-	-	-	(864,899)	255,445	(609,454)
Total non-operating revenue (expenses)	<u>17,500</u>	<u>18,780</u>	<u>75,156</u>	<u>(393,068)</u>	<u>219,165</u>	<u>(62,467)</u>
Changes in net assets without donor restrictions	<u>244,777</u>	<u>(34,848)</u>	<u>71,133</u>	<u>(3,020,685)</u>	<u>199,032</u>	<u>(2,540,591)</u>
<b>Net Assets With Donor Restrictions:</b>						
Grants and contributions	1,265,786	-	-	-	-	1,265,786
NWA valuation recovery	22,889	(22,889)	-	-	-	-
Net assets released from purpose restrictions	(760,546)	-	(75,156)	(100,000)	-	(935,702)
Changes in net assets with donor restrictions	<u>528,129</u>	<u>(22,889)</u>	<u>(75,156)</u>	<u>(100,000)</u>	<u>-</u>	<u>330,084</u>
Changes in net assets	772,906	(57,737)	(4,023)	(3,120,685)	199,032	(2,210,507)
<b>Changes to Net Assets Attributable to Non-Controlling Interests:</b>						
Non-controlling interests	-	-	-	2,285,835	-	2,285,835
Changes in net assets attributable to NOAH	<u>\$ 772,906</u>	<u>\$ (57,737)</u>	<u>\$ (4,023)</u>	<u>\$ (834,850)</u>	<u>\$ 199,032</u>	<u>\$ 75,328</u>

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

**NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES**

Consolidating Statements of Changes in Net Assets  
For the Years Ended December 31, 2022 and 2021

	NOAH and Affiliates					Total	Non-Controlling Interest	Total
	NOAH	Peace Properties	NOAH CDFI	Rental Programs (Exhibit E)	Eliminations			
<b>Net Assets, December 31, 2020</b>	\$ 6,131,527	\$ (206,567)	\$ 819,966	\$ 17,381,070	\$ (9,306,089)	\$ 14,819,907	\$ 21,423,341	\$ 36,243,248
Changes in net assets	<u>772,906</u>	<u>(57,737)</u>	<u>(4,023)</u>	<u>(3,120,685)</u>	<u>2,484,867</u>	<u>75,328</u>	<u>(2,285,835)</u>	<u>(2,210,507)</u>
<b>Net Assets, December 31, 2021</b>	6,904,433	(264,304)	815,943	14,260,385	(6,821,222)	14,895,235	19,137,506	34,032,741
Changes in net assets	<u>263,477</u>	<u>(34,820)</u>	<u>(5,843)</u>	<u>(3,072,813)</u>	<u>2,472,582</u>	<u>(377,417)</u>	<u>(2,234,119)</u>	<u>(2,611,536)</u>
<b>Net Assets, December 31, 2022</b>	<u>\$ 7,167,910</u>	<u>\$ (299,124)</u>	<u>\$ 810,100</u>	<u>\$ 11,187,572</u>	<u>\$ (4,348,640)</u>	<u>\$ 14,517,818</u>	<u>\$ 16,903,387</u>	<u>\$ 31,421,205</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Cash Flows  
For the Year Ended December 31, 2022

	NOAH	Peace Properties	NOAH CDFI	Rental Programs	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>						
Changes in net assets	\$ 263,477	\$ (34,820)	\$ (5,843)	\$ (3,072,813)	\$ 238,463	\$ (2,611,536)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	30,568	55,364	-	2,563,018	(19,377)	2,629,573
Deferred interest	-	-	-	887,914	(257,374)	630,540
Bad debts	-	-	-	112,898	-	112,898
Interest - amortization expense	2,000	503	-	59,176	-	61,679
Recovery of against due from affiliates	(38,288)	-	-	-	38,288	-
Changes in operating assets and liabilities:						
Contracts, loans and other receivables	(394,474)	-	1,343	(287,573)	-	(680,704)
Due from affiliates	(972,256)	-	-	(12,000)	984,256	-
Prepaid expenses and other	(6,367)	-	31	(17,378)	-	(23,714)
Accounts payable and other liabilities	12,396	6,730	(2,537)	95,786	-	112,375
Due to affiliates	12,000	-	5,249	(52,162)	34,913	-
Conditional grant advance	1,719,075	-	-	-	-	1,719,075
Accrued interest	54,534	(5,731)	-	(48,326)	28,432	28,909
Net cash provided by (used in) operating activities	<u>682,665</u>	<u>22,046</u>	<u>(1,757)</u>	<u>228,540</u>	<u>1,047,601</u>	<u>1,979,095</u>
<b>Cash Flows from Investing Activities:</b>						
Cash paid for projects under development	(845,155)	(1,207,393)	-	-	-	(2,052,548)
Due from affiliates	(207,325)	170,872	-	-	36,453	-
Purchases of and interest earned on certificates of deposit	(2,596)	-	-	-	-	(2,596)
Acquisition of property and equipment	(30,497)	-	-	(214,572)	-	(245,069)
Net cash used in investing activities	<u>(1,085,573)</u>	<u>(1,036,521)</u>	<u>-</u>	<u>(214,572)</u>	<u>36,453</u>	<u>(2,300,213)</u>
<b>Cash Flows from Financing Activities:</b>						
Principal payments on mortgage and notes payable	(14,789)	(25,599)	-	(302,705)	-	(343,093)
Principal payments on contingent loans and advances	-	-	-	(4,622)	3,372	(1,250)
Due to affiliates	-	1,019,466	-	67,960	(1,087,426)	-
Debt issuance costs	-	-	-	(15,250)	-	(15,250)
Proceeds from contingent loans and advances	-	-	-	231,394	-	231,394
Proceeds from mortgage and notes payable	208,561	-	-	-	-	208,561
Net cash provided by (used in) financing activities	<u>193,772</u>	<u>993,867</u>	<u>-</u>	<u>(23,223)</u>	<u>(1,084,054)</u>	<u>80,362</u>
<b>Net Change in Cash and Restricted Cash</b>	<u>(209,136)</u>	<u>(20,608)</u>	<u>(1,757)</u>	<u>(9,255)</u>	<u>-</u>	<u>(240,756)</u>
<b>Cash and Restricted Cash:</b>						
Beginning of year	<u>3,159,521</u>	<u>72,989</u>	<u>17,054</u>	<u>4,129,554</u>	<u>-</u>	<u>7,379,118</u>
End of year	<u>\$ 2,950,385</u>	<u>\$ 52,381</u>	<u>\$ 15,297</u>	<u>\$ 4,120,299</u>	<u>\$ -</u>	<u>\$ 7,138,362</u>
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:</b>						
Cash	\$ 2,950,385	\$ 52,381	\$ 891	\$ 1,330,766	\$ -	\$ 4,334,423
Current portion of restricted deposits	-	-	14,406	433,010	-	447,416
Restricted deposits, net of current portion	-	-	-	2,356,523	-	2,356,523
Total cash and restricted cash shown in the consolidating statement of cash flows	<u>\$ 2,950,385</u>	<u>\$ 52,381</u>	<u>\$ 15,297</u>	<u>\$ 4,120,299</u>	<u>\$ -</u>	<u>\$ 7,138,362</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>						
Cash paid for interest - expensed	<u>\$ -</u>	<u>\$ 43,125</u>	<u>\$ -</u>	<u>\$ 1,270,531</u>	<u>\$ (28,432)</u>	<u>\$ 1,285,224</u>
Projects under development and property and equipment financed with construction payable	<u>\$ 217,338</u>	<u>\$ 269,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,883</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Cash Flows  
For the Year Ended December 31, 2021

	NOAH	Peace Properties	NOAH CDFI	Rental Programs	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>						
Changes in net assets	\$ 772,906	\$ (57,737)	\$ (4,023)	\$ (3,120,685)	\$ 199,032	\$ (2,210,507)
Adjustments to reconcile changes in net assets to net cash provided (used in) by operating activities:						
Depreciation and amortization	23,067	55,364	-	2,568,209	(19,377)	2,627,263
Deferred interest	-	-	-	864,899	(255,445)	609,454
Bad debts	-	-	-	97,272	-	97,272
Interest - amortization expense	4,130	1,206	-	68,242	-	73,578
Gain on sale of property and equipment	-	-	-	(471,831)	-	(471,831)
(Recovery of) provision against due from affiliate	373,058	(18,780)	-	-	(354,278)	-
Recovery of loans receivable	(390,558)	-	-	-	390,558	-
Changes in operating assets and liabilities:						
Contracts, loans and other receivables	(137,629)	31,294	-	(74,792)	-	(181,127)
Due from affiliates	(773,984)	18,780	-	(12,000)	767,204	-
Prepaid expenses and other	(304)	233	(6)	(8,993)	-	(9,070)
Accounts payable and other liabilities	33,684	(29,660)	(563)	67,030	-	70,491
Due to affiliates	12,000	-	(20,686)	317,482	(308,796)	-
Conditional grant advance	533,731	-	-	-	-	533,731
Accrued interest	44,077	-	-	44,801	39,510	128,388
Net cash provided by (used in) operating activities	<u>494,178</u>	<u>700</u>	<u>(25,278)</u>	<u>339,634</u>	<u>458,408</u>	<u>1,267,642</u>
<b>Cash Flows from Investing Activities:</b>						
Cash paid for projects under development	(617,953)	(1,109,428)	-	-	-	(1,727,381)
Due from affiliates	(240,060)	-	-	-	240,060	-
Purchases of and interest earned on certificates of deposit	(3,973)	-	-	-	-	(3,973)
Proceeds from sale of property and equipment	-	-	-	836,920	-	836,920
Acquisition of property and equipment	(28,133)	-	-	(1,495,779)	-	(1,523,912)
Net cash used in investing activities	<u>(890,119)</u>	<u>(1,109,428)</u>	<u>-</u>	<u>(658,859)</u>	<u>240,060</u>	<u>(2,418,346)</u>
<b>Cash Flows from Financing Activities:</b>						
Principal payments on mortgage and notes payable	(963,906)	(33,561)	-	(609,114)	-	(1,606,581)
Principal payments on contingent loans and advances	-	-	-	(390,558)	390,558	-
Due to affiliates	-	1,117,902	-	(28,876)	(1,089,026)	-
Debt issuance costs	-	-	-	(33,745)	-	(33,745)
Proceeds from contingent loans and advances	-	-	-	892,465	-	892,465
Proceeds from mortgage and notes payable	316,099	-	-	824,528	-	1,140,627
Net cash provided by (used in) financing activities	<u>(647,807)</u>	<u>1,084,341</u>	<u>-</u>	<u>654,700</u>	<u>(698,468)</u>	<u>392,766</u>
<b>Net Change in Cash and Restricted Cash</b>	<b>(1,043,748)</b>	<b>(24,387)</b>	<b>(25,278)</b>	<b>335,475</b>	<b>-</b>	<b>(757,938)</b>
<b>Cash and Restricted Cash:</b>						
Beginning of year	<u>4,203,269</u>	<u>97,376</u>	<u>42,332</u>	<u>3,794,079</u>	<u>-</u>	<u>8,137,056</u>
End of year	<u>\$ 3,159,521</u>	<u>\$ 72,989</u>	<u>\$ 17,054</u>	<u>\$ 4,129,554</u>	<u>\$ -</u>	<u>\$ 7,379,118</u>
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:</b>						
Cash	\$ 3,159,521	\$ 72,989	\$ 1,653	\$ 1,375,000	\$ -	\$ 4,609,163
Current portion of restricted deposits	-	-	15,401	418,614	-	434,015
Restricted deposits, net of current portion	-	-	-	2,335,940	-	2,335,940
Total cash and restricted cash shown in the consolidating statement of cash flows	<u>\$ 3,159,521</u>	<u>\$ 72,989</u>	<u>\$ 17,054</u>	<u>\$ 4,129,554</u>	<u>\$ -</u>	<u>\$ 7,379,118</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>						
Cash paid for interest - expensed	<u>\$ 18,951</u>	<u>\$ 36,372</u>	<u>\$ -</u>	<u>\$ 1,224,848</u>	<u>\$ (39,510)</u>	<u>\$ 1,240,661</u>
Projects under development and property and equipment financed with construction payable	<u>\$ 145,305</u>	<u>\$ 264,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,232</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses  
 For the Year Ended December 31, 2022  
 (With Summarized Comparative Totals for the Year Ended December 31, 2021)

	2022												2021		
	NOAH						Total NOAH	Peace Properties	NOAH CDFI	Rental Programs (Exhibit F)	Eliminations	Total			
	Program Services			Supporting Services											
Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	General Administration	Fundraising						Total		
<b>Personnel and Related:</b>															
Salaries	\$ 83,055	\$ 311,935	\$ 299,660	\$ 297,284	\$ 243,505	\$ 241,489	\$ 56,363	\$ 152,402	\$ 1,685,693	\$ -	\$ -	\$ -	\$ -	\$ 1,685,693	\$ 1,796,295
Consulting and contract labor	745	11,000	-	-	6,635	32,765	12,375	-	63,520	4,692	-	1,038,827	-	1,107,039	970,658
Employee benefits	21,314	63,270	22,340	62,071	22,831	13,447	2,174	12,065	219,512	-	-	-	-	219,512	203,779
Payroll taxes	7,607	23,207	28,086	26,938	22,152	23,673	6,802	13,004	151,469	-	-	-	-	151,469	150,968
<b>Total personnel and related</b>	<b>112,721</b>	<b>409,412</b>	<b>350,086</b>	<b>386,293</b>	<b>295,123</b>	<b>311,374</b>	<b>77,714</b>	<b>177,471</b>	<b>2,120,194</b>	<b>4,692</b>	<b>-</b>	<b>1,038,827</b>	<b>-</b>	<b>3,163,713</b>	<b>3,121,700</b>
<b>Other:</b>															
Residential assistance payments	-	6,270,825	-	-	-	-	-	-	6,270,825	-	-	-	-	6,270,825	7,466,269
Program expenses	48,298	1,243,357	134,896	15,471	4,127	145,056	-	-	1,591,205	-	-	31,771	-	1,622,976	1,327,009
Interest expense	-	-	-	-	-	-	56,534	-	56,534	37,897	-	1,281,381	-	1,375,812	1,442,627
Telephone and utilities	2,911	11,281	3,115	6,278	3,318	9,200	817	1,711	38,631	-	-	903,090	-	941,721	782,025
Insurance and taxes	11,205	1,751	1,671	5,489	1,558	6,349	18,521	916	47,460	6,764	1,269	880,761	-	936,254	892,140
Repairs, maintenance and security	2,872	7,265	9,542	9,150	7,178	8,816	1,496	5,627	51,946	-	-	564,740	(279,523)	337,163	321,788
Professional fees	2,978	14,450	7,378	10,891	15,853	9,468	39,908	5,285	106,211	13,717	-	174,307	-	294,235	369,673
Management fees	-	-	-	-	-	-	-	-	-	-	-	345,457	(143,540)	201,917	193,016
Bad debts	-	-	-	-	-	-	-	-	-	-	-	112,898	-	112,898	97,272
Supplies and general office	1,230	9,408	3,030	9,227	2,723	5,018	9,449	832	40,917	-	-	58,627	-	99,544	88,095
Miscellaneous	-	2,500	375	452	-	535	13,850	1,072	18,784	1,923	5,303	18,315	-	44,325	49,534
Facility	4,193	47,277	13,448	13,728	20,164	14,540	4,107	4,154	121,611	38,027	-	-	(121,611)	38,027	37,665
Dues and subscriptions	222	936	1,014	1,260	1,842	8,083	8,244	559	22,160	-	183	-	-	22,343	21,189
Travel and conferences	2,578	3,560	2,742	2,267	1,389	5,481	2,015	-	20,032	-	-	-	-	20,032	15,827
Advertising	18	833	2,490	1,292	1,695	-	-	-	6,328	-	-	-	-	6,328	8,969
Equipment rental and purchases	112	289	372	392	276	413	68	143	2,065	-	-	-	-	2,065	2,281
<b>Total other</b>	<b>76,617</b>	<b>7,613,732</b>	<b>180,073</b>	<b>75,897</b>	<b>60,123</b>	<b>212,959</b>	<b>155,009</b>	<b>20,299</b>	<b>8,394,709</b>	<b>98,328</b>	<b>6,755</b>	<b>4,371,347</b>	<b>(544,674)</b>	<b>12,326,465</b>	<b>13,115,379</b>
<b>Total expenses before depreciation and amortization</b>	<b>189,338</b>	<b>8,023,144</b>	<b>530,159</b>	<b>462,190</b>	<b>355,246</b>	<b>524,333</b>	<b>232,723</b>	<b>197,770</b>	<b>10,514,903</b>	<b>103,020</b>	<b>6,755</b>	<b>5,410,174</b>	<b>(544,674)</b>	<b>15,490,178</b>	<b>16,237,079</b>
<b>Depreciation and Amortization</b>	<b>637</b>	<b>1,682</b>	<b>2,116</b>	<b>2,188</b>	<b>1,570</b>	<b>13,320</b>	<b>8,000</b>	<b>1,055</b>	<b>30,568</b>	<b>55,364</b>	<b>-</b>	<b>2,563,018</b>	<b>(19,377)</b>	<b>2,629,573</b>	<b>2,627,263</b>
<b>Total expenses</b>	<b>\$ 189,975</b>	<b>\$ 8,024,826</b>	<b>\$ 532,275</b>	<b>\$ 464,378</b>	<b>\$ 356,816</b>	<b>\$ 537,653</b>	<b>\$ 240,723</b>	<b>\$ 198,825</b>	<b>\$ 10,545,471</b>	<b>\$ 158,384</b>	<b>\$ 6,755</b>	<b>\$ 7,973,192</b>	<b>\$ (564,051)</b>	<b>\$ 18,119,751</b>	<b>\$ 18,864,342</b>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses  
For the Year Ended December 31, 2021

	NOAH												Total	
	Program Services						Supporting Services		Total NOAH	Peace Properties	NOAH CDFI	Rental Programs (Exhibit G)		Eliminations
	Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	General Administration	Fundraising						
<b>Personnel and Related:</b>														
Salaries	\$ 83,248	\$ 302,084	\$ 315,441	\$ 277,727	\$ 331,201	\$ 305,781	\$ 71,870	\$ 108,943	\$ 1,796,295	\$ -	\$ -	\$ -	\$ -	\$ 1,796,295
Consulting and contract labor	-	-	-	-	-	-	3,560	-	3,560	4,703	-	962,395	-	970,658
Employee benefits	19,806	66,898	20,976	51,975	19,165	21,100	2,874	985	203,779	-	-	-	-	203,779
Payroll taxes	7,068	17,864	28,702	23,008	29,799	25,576	7,496	11,455	150,968	-	-	-	-	150,968
<b>Total personnel and related</b>	<b>110,122</b>	<b>386,846</b>	<b>365,119</b>	<b>352,710</b>	<b>380,165</b>	<b>352,457</b>	<b>85,800</b>	<b>121,383</b>	<b>2,154,602</b>	<b>4,703</b>	<b>-</b>	<b>962,395</b>	<b>-</b>	<b>3,121,700</b>
<b>Other:</b>														
Residential assistance payments	-	7,466,269	-	-	-	-	-	-	7,466,269	-	-	-	-	7,466,269
Program expenses	36,445	832,521	186,300	16,686	8,058	90,087	102,779	-	1,272,876	-	-	54,133	-	1,327,009
Interest expense	-	-	-	-	67,158	-	-	-	67,158	37,578	-	1,337,891	-	1,442,627
Telephone and utilities	2,817	9,532	4,373	4,302	3,197	7,648	1,327	1,339	34,535	-	-	747,490	-	782,025
Insurance and taxes	10,380	1,447	1,804	5,225	2,365	6,426	10,837	298	38,782	6,506	1,202	845,650	-	892,140
Repairs, maintenance and security	2,364	5,598	9,319	7,918	13,089	10,454	1,829	1,861	52,432	-	-	548,705	(279,349)	321,788
Professional fees	2,936	12,748	8,590	12,318	17,228	14,002	28,776	5,715	102,313	106,355	2,500	158,505	-	369,673
Management fees	-	-	-	-	-	-	-	-	-	-	-	363,189	(170,173)	193,016
Bad debts	-	-	-	-	-	-	-	-	-	-	-	97,272	-	97,272
Supplies and general office	260	7,508	2,332	3,568	4,719	2,319	6,384	974	28,064	-	-	60,031	-	88,095
Miscellaneous	-	1,000	-	1,975	-	-	243	1,197	4,415	1,957	159	43,003	-	49,534
Facility	5,891	9,619	19,566	14,937	26,409	22,047	16,889	5,891	121,249	37,665	-	-	(121,249)	37,665
Dues and subscriptions	338	1,024	1,924	1,445	6,130	1,261	7,965	937	21,024	-	165	-	-	21,189
Travel and conferences	3,482	568	1,350	2,942	1,089	5,672	350	374	15,827	-	-	-	-	15,827
Advertising	18	105	-	8,741	105	-	-	-	8,969	-	-	-	-	8,969
Equipment rental and purchases	118	261	392	350	286	656	89	129	2,281	-	-	-	-	2,281
Grant to affiliate	-	-	-	-	-	-	-	-	-	-	-	519,082	(519,082)	-
<b>Total other</b>	<b>65,049</b>	<b>8,348,200</b>	<b>235,950</b>	<b>80,407</b>	<b>149,833</b>	<b>160,572</b>	<b>177,468</b>	<b>18,715</b>	<b>9,236,194</b>	<b>190,061</b>	<b>4,026</b>	<b>4,774,951</b>	<b>(1,089,853)</b>	<b>13,115,379</b>
<b>Total expenses before depreciation and amortization</b>	<b>175,171</b>	<b>8,735,046</b>	<b>601,069</b>	<b>433,117</b>	<b>529,998</b>	<b>513,029</b>	<b>263,268</b>	<b>140,098</b>	<b>11,390,796</b>	<b>194,764</b>	<b>4,026</b>	<b>5,737,346</b>	<b>(1,089,853)</b>	<b>16,237,079</b>
<b>Depreciation and Amortization</b>	<b>707</b>	<b>1,086</b>	<b>2,348</b>	<b>1,793</b>	<b>1,767</b>	<b>2,676</b>	<b>11,740</b>	<b>950</b>	<b>23,067</b>	<b>55,364</b>	<b>-</b>	<b>2,568,209</b>	<b>(19,377)</b>	<b>2,627,263</b>
<b>Total expenses</b>	<b>\$ 175,878</b>	<b>\$ 8,736,132</b>	<b>\$ 603,417</b>	<b>\$ 434,910</b>	<b>\$ 531,765</b>	<b>\$ 515,705</b>	<b>\$ 275,008</b>	<b>\$ 141,048</b>	<b>\$ 11,413,863</b>	<b>\$ 250,128</b>	<b>\$ 4,026</b>	<b>\$ 8,305,555</b>	<b>\$ (1,109,230)</b>	<b>\$ 18,864,342</b>

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 1. OPERATIONS AND NONPROFIT STATUS

Neighborhood of Affordable Housing, Inc. (NOAH) was formed to provide services, undertake activities, make loans to homeowners, and oversee developments relating to housing needs, economic development, and community services in East Boston, Massachusetts and the surrounding areas.

NOAH is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). NOAH is also exempt from state income taxes. Contributions made to NOAH are deductible by donors within the requirements of the IRC.

### 2. SIGNIFICANT ACCOUNTING POLICIES

NOAH prepares its consolidating financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Principles of Consolidation

The consolidating financial statements include the net assets of NOAH and Affiliates. The Affiliates include NOAH Community Development Fund, Inc. (NOAH CDFI), Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Trinity House LLC, Siochain Properties Limited Partnership, Paco Properties LLC, Aileron Homeownership LLC (Aileron), Union Block Rental Limited Partnership (Union Block), Stevens Corner Limited Partnership, Sitkowski Limited Partnership, Shoe Shop Limited Partnership, Benfield Farms Limited Partnership, and Coppersmith Village Rental Limited Partnership (collectively referred to as Affiliates, see Note 3). Aileron is solely owned by NOAH, and included in NOAH in the accompanying consolidating financial statements. NOAH and Affiliates share common management, facilities and Board membership.

The Affiliates also include the General Partners and Managing Members of limited partnerships and limited liability companies (collectively, LPs and LLCs) that own real estate projects which have been completed and placed in operations. The General Partners and Managing Members exercise management control over the LPs' and LLCs' operations, and NOAH controls the General Partners and Managing Members. Accordingly, the LPs and LLCs are included in the accompanying consolidating financial statements of NOAH and Affiliates.

The net assets accounts of wholly-owned and majority-owned subsidiary corporations, including the General Partners and Managing Members of LPs and LLCs, have been consolidated with NOAH in the accompanying consolidating financial statements (see Note 3). The non-controlling interests of the majority-owned subsidiaries and other affiliates, where material, have been reflected as non-controlling interest as a component of net assets in the accompanying consolidating statements of financial position (see page 14).

#### Recently Adopted Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance in *Topic 840, Leases*. *Topic 842* amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities on the consolidating statements of financial position for operating leases. NOAH and Affiliates adopted *Topic 842* on January 1, 2022, using the modified retrospective method, presenting both 2022 and 2021 years under the new accounting standard.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Adopted Accounting Pronouncements (Continued)

NOAH and Affiliates elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed NOAH and Affiliates to skip the reassessment of whether the contract is or contains a lease, the treatment of initial direct costs and lease classification for the existing lease contracts. The adoption of the standard did not have a material impact on NOAH and Affiliates' consolidating financial statements.

#### Cash and Restricted Deposits

NOAH and Affiliates consider all highly liquid investments originated with a maturity of three months or less, and that are available for current operations, to be cash. Those highly liquid resources that are not generally available for current operations or otherwise restricted are classified as restricted deposits (see Note 5) and are included in cash and restricted cash for purposes of the consolidating statements of cash flows.

#### Contracts, Loans and Other Receivables and Allowance for Doubtful Accounts

Contracts, loans and other receivables are shown net of allowance for doubtful accounts. This allowance is recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. Accounts are written off against the allowance when they are determined to be uncollectible.

#### Capitalized Costs

Capitalized costs represent tax credit fees incurred in connection with the financing of rental properties. These costs have been capitalized and are being amortized on the straight-line basis over the term of the tax credit compliance period (see Note 8).

#### Projects Under Development

All project-related costs incurred and considered to be recoverable during construction are capitalized for developments currently owned by NOAH and Affiliates as of December 31, 2022 and 2021. These include construction, soft costs, overhead, interest, and other costs and are reflected as projects under development (see Note 6) in the accompanying consolidating financial statements. During 2022 and 2021, there were no development costs that were deemed to be non-recoverable.

#### Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair value at the time of donation. Improvements and major repairs are capitalized, while ordinary repairs and maintenance are expensed as incurred (see Note 7). Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	25 - 40 years
Land improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 7 years

Depreciation expense for the years ended December 31, 2022 and 2021, was \$2,618,550 and \$2,611,267, respectively, and is included in depreciation and amortization in the accompanying consolidating financial statements.



## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation (Continued)

NOAH and Affiliates account for the carrying value of their property and equipment and projects under development in accordance with standards pertaining to ASC Topic, *Property, Plant and Equipment*, under U.S. GAAP. The carrying value is evaluated annually for impairment, and no impairment loss was recognized during 2022 and 2021. As of December 31, 2022 and 2021, NOAH and Affiliates have not recognized any reduction in the carrying value of their property and equipment when considering this standard.

#### Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method (see Note 10).

#### Net Asset Classifications

##### *Net Assets Without Donor Restrictions*

NOAH and Affiliates classify net assets without donor restrictions into three categories:

- Operating net assets represent that portion of each net asset group that is considered substantially liquid and is available for general operations.
- Development net assets include those assets and liabilities related to NOAH and Affiliates' real estate project developments, completed and uncompleted, and those resources are not expected to be available for operations for at least one year from the date of the consolidating statements of financial position.
- Property and equipment net assets represent that portion of resources invested into long-term productive property and equipment, net of related liabilities.

##### *Net Assets With Donor Restrictions*

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or programs run by NOAH and Affiliates. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained for particular use in perpetuity. Net assets with donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has lapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOAH and Affiliates classify net assets with donor restrictions into two subcategories:

- Perpetual in nature net assets represented capital grant proceeds from NeighborWorks® America (NWA). These grants were for use as a permanent capital resource for NOAH's development projects and other initiatives. The terms of these grants allowed NOAH to use them for capitalized costs associated with development projects, but not for operating costs. NOAH used these funds to pay for certain development costs which, in some cases, were deemed collected from the project on deferred terms.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Asset Classifications (Continued)

##### Net Assets With Donor Restrictions (Continued)

When the timing of collection was deferred or uncertain, the value of the underlying asset was reduced by a valuation allowance. In these circumstances, NWA funds were reduced by a valuation allowance. When valuation allowances were reduced by later recoveries or because collection was assured, NWA restricted net assets were increased. During 2022, NOAH was approved by NWA to release the remaining balance of \$1,390,502 (presented net of third-party valuation allowances of \$132,651), which is reflected as NWA permanent capital funds released in the accompanying 2022 consolidating statement of activities. NOAH and Affiliates were approved by NWA to release \$75,156 during 2021 to net assets without donor restrictions, which is reflected as NWA permanent capital funds released in the accompanying 2021 consolidating statement of activities.

NWA's net assets with donor restrictions were as follows as of December 31, 2021:

Cumulative capital grants received, net of authorized write-offs and releases	\$ 1,390,502
Cumulative valuation allowance	(734,046)
Add - intercompany elimination	<u>601,395</u>
	<u>\$ 1,257,851</u>

- Purpose restricted net assets include resources restricted for community services, homebuyer and homeowner services, and rental housing. Purpose restricted net assets are treated as released from restriction when they are spent on expenses of those specific activities.

Net assets with donor restrictions were as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Program and initiatives:		
Homebuyer and homeowner services	\$ 1,469,166	\$ 1,262,771
Community services	<u>2,616</u>	<u>215,646</u>
	1,471,782	1,478,417
Perpetually restricted:		
NWA capital grants (see above)	<u>-</u>	<u>1,257,851</u>
	<u>\$ 1,471,782</u>	<u>\$ 2,736,268</u>

*Non-controlling interest* represents unrelated investors' interests in Stevens Corner, Benfield, Sitkowski, Shoe Shop, and Coppersmith (see Note 3). The unrelated investors' shares of income/loss in the above entities are reflected as changes in net assets attributable to non-controlling interests in the accompanying consolidating statements of activities.

#### Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of affordable housing related services are reported as operating revenues and operating expenses in the accompanying consolidating statements of activities. Peripheral or incidental transactions are reported as non-operating revenue (expenses).

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leases

NOAH and Affiliates assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating, sales-type and direct financing at inception. NOAH and Affiliates only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with terms, including renewal options, of twelve months or less are treated as short-term leases (see Note 12).

#### Revenue Recognition

NOAH and Affiliates' main sources of revenue are from rental income, developer fees, grants and contributions, and property and project management fees. Amounts received that relate to developer fees and property and project management fees have been recorded in accordance with Topic 606 (see below). Grants and contributions have been recorded in accordance with Topic 958 (see page 16). These grants and contributions are recognized as services are provided or as costs are incurred. Rental income is recognized in accordance with ASC *Topic 842, Leases* (see page 16).

NOAH and Affiliates generally measure revenue based on the amount of consideration NOAH and Affiliates expect to be entitled for the transfer of goods or services to a customer, then recognize this revenue when or as NOAH and Affiliates satisfy their performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. NOAH and Affiliates evaluate their revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

#### *Developer Fees*

Developer fees are earned by NOAH and Affiliates in their role as sponsor and developer of their affiliates' (see Note 3) projects. Developer fees are generally earned under written developer agreements executed with the Affiliates that detail the rights and responsibilities of both parties under each project development agreement. The developer agreements define the scope of activities to be provided by NOAH and Affiliates and generally include supervising and coordinating project projections, overseeing the construction and/or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under the developer agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. NOAH and Affiliates determined the services within the developer agreement are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project. Developer agreements define the fixed compensation which NOAH and Affiliates are expected to be entitled and a schedule of payments to be made from project development sources and, in some cases, from net cash flow from project operations. The performance obligations under developer agreements are satisfied over time as NOAH and Affiliates' performance creates or enhances a real estate asset that the affiliate controls. Accordingly, NOAH and Affiliates recognize revenue from developer agreements over time, as the services are rendered, based on an input method of developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some fees may not be recognized until received or when collection is assured. See Note 3 for additional disclosures related to these developer agreements.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Property and Project Management Fees*

Property and project management fees are generally provided on an annual basis incident to separate agreements that renew annually at the election of the parties or under aspects of the operating agreements that govern the operations of the respective affiliates. These agreements specify the compensation for each annual period. The property and project management services are considered a single performance obligation. The performance obligation under these agreements is satisfied evenly over the year as the respective affiliate receives the benefits provided as NOAH and Affiliates perform. Property and project management fees are generally recognized in one calendar year. Compensation is generally fixed under the relevant agreement but may contain variable components in the case of certain partnership management services. Certain fees are only earned and/or payable subject to the availability of net cash flow from the respective affiliate's operations and are only recognized as revenue when collection is assured. See Note 3 for additional disclosures related to these property and project management agreements.

##### *Grants and Contributions*

In accordance with ASC Subtopic 958-605, *Revenue Recognition (Topic 958)*, NOAH and Affiliates must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that NOAH and Affiliates should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. See Note 15 for disclosures of NOAH and Affiliates' conditional grants.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants and contributions with donor restrictions are recorded as revenues with donor restrictions and net assets when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Grants with donor restrictions received and satisfied in the same period are included in net assets without donor restrictions. Grants with donor restrictions are recorded as revenues with donor restrictions and net assets if they are received or committed with donor stipulations that the net assets are held in perpetuity or require specific authorization from donors before they are expended.

##### *Rental Income*

The NOAH and Affiliates lease apartment units and commercial space to various tenants for a period of twelve months or less. The lease agreements may contain renewals for period of twelve months or less and do not require any variable lease payments. Based on the uncertainty of tenant renewals and the existence of a mutual termination clause in the lease agreements, NOAH and Affiliates treats all residential leases as short-term leases. Coppersmith also leases commercial space to NOAH under a master tenant lease agreement through September 2034 (see Note 12).

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Rental Income (Continued)*

Rental income is accounted for in accordance with *Topic 842* and is recognized over the rental period net of vacancies and concessions. The adoption of *Topic 842* did not change how rental income was recognized in prior years. Advanced receipts of rental income are classified as liabilities (included in accounts payable and other liabilities) until earned.

##### *Interest and Other Income*

Interest income on loans receivable is recognized as revenue without donor restrictions as it is earned. All other revenue is recognized when earned.

#### Expense Allocation

Expenses related directly to a program or function are distributed to that program or function. Certain categories of expenses that are attributable to more than one program or supporting function require an allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related, facility, and depreciation and amortization, which are allocated based on an estimate of effort spent on each program or support function.

#### Income Taxes

NOAH, Peace Properties, and NOAH CDFI qualify as organizations formed for charitable purposes under Section 501(c)(3) of the IRC and, therefore, are not subject to income tax. Shalom and Paz qualify as organizations formed for charitable purposes under Section 501(c)(2) of the IRC, and therefore, are not subject to income tax.

The General Partners and Managing Members had, for Federal and state income tax purposes, net operating loss carryforwards (NOLs) of approximately \$127,000 and \$106,000, respectively, available to offset future taxable income as of December 31, 2022. The General Partners and Managing Members had, for Federal and state income tax purposes, NOLs of approximately \$111,000 and \$92,000, respectively, available to offset future taxable income as of December 31, 2021. Federal and state NOLs incurred before 2018 may be carried forward for twenty years following the year of loss. These carryforwards expire at various times through 2037. NOLs incurred after 2017 do not expire. The General Partners' and Managing Members' potential tax benefits of NOLs have been fully reserved due to the uncertainty of their future use.

No income tax provision has been included in the accompanying consolidating financial statements for the LPs and LLCs (see page 11), as the income, loss, and credits are reported by the partners on their respective income tax returns.

NOAH and Affiliates account for uncertainty in income taxes in accordance with ASC *Topic, Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. NOAH and Affiliates have determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2022 and 2021. NOAH and Affiliates' income taxes are subject to examination by the appropriate taxing jurisdictions.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Estimates

The preparation of consolidating financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Fair Value Measurements

NOAH and Affiliates follow the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that NOAH and Affiliates would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

NOAH and Affiliates use a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of NOAH and Affiliates. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### Subsequent Events

Subsequent events have been evaluated through May 17, 2023, which is the date the consolidating financial statements were available to be issued. See Note 13 for events that have met the criteria for disclosure in the consolidating financial statements.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 2. RELATED PARTY TRANSACTIONS

#### Consolidating Entities

NOAH and Affiliates' consolidating financial statements include the following entities:

**Aileron Homeownership LLC (Aileron)** was formed in 2019 as a Massachusetts limited liability company to acquire and develop seven for-sale condominium units (Aileron - Homeownership) and to acquire and subdivide land that will subsequently be sold to a newly created consolidated affiliate that will develop 33 units of low to moderate-income housing and commercial space (Aileron - Rental). The Aileron projects are located at 127-157 Condor Street in East Boston, Massachusetts. NOAH is the sole owner of Aileron. Aileron is treated as a disregarded entity for income tax purposes. All activity of Aileron - Homeownership is included with NOAH in the accompanying consolidating financial statements.

Aileron - Rental (see above) was not formed as an entity as of December 31, 2022. All activity related to Aileron - Rental is included in Peace Properties.

See Note 6 for a summary of costs related to Aileron - Homeownership and Aileron - Rental.

**Peace Properties, Inc. (Peace Properties)** was formed in 1992 for the purpose of developing low to moderate-income housing and is treated as a non-profit for income tax purposes.

Peace Properties holds all property under development until such time financing is secured and operations are estimated to commence within one year, at which time the newly formed entity gets included in the rental programs.

Peace Properties also owns land on which it developed 15 condominium units known as Border Falcon Condominium units and entered into a land use agreement (see Note 12).

**NOAH Community Development Fund, Inc. (NOAH CDFI)** was formed in 2001 to provide loans and counseling for homeownership to low and moderate-income residents (see Note 9).

#### *Rental Programs*

**Shalom Properties, Inc. (Shalom)** was formed in 1997 as a non-profit 501(c)(2) affiliate of NOAH for the purpose of acquiring, rehabilitating, and operating a rental housing project consisting of 34 condominium units. During 2021, Shalom sold four condominium units and donated the net cash proceeds from the sale to NOAH (see Note 17).

**Paz Properties, Inc. (Paz)** was formed in 1993 as a non-profit 501(c)(2) affiliate of NOAH for the purpose of acquiring, rehabilitating, and operating 33 units of rental housing.

**Trinity House LLC (Trinity House)**, a Massachusetts limited liability company, was formed for the purpose of acquiring, rehabilitating, and operating 16 units of rental housing. NOAH is the sole owner of Trinity House. Trinity House is treated as a disregarded entity for income tax purposes.

**Siochain Properties Limited Partnership (Siochain)**, a Massachusetts limited partnership, owns and operates 12 units of affordable housing for low and moderate-income families and individuals and two commercial units.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidating Entities (Continued)

##### *Rental Programs* (Continued)

**Paco Properties LLC (Paco)** is a Massachusetts limited liability company formed to purchase rental properties in East Boston under the City of Boston's Acquisition Opportunity Program (AOP). NOAH is the sole owner of Paco and is treated as a disregarded entity for income tax purposes. The goal of the AOP is to prevent further displacement of families with modest incomes because of the high rate of rent increases and home prices. As of December 31, 2022 and 2021, Paco had purchased eighteen properties, with a total of 50 units.

**Stevens Corner Limited Partnership (Stevens Corner)**, a Massachusetts limited partnership, owns and operates 42 units of affordable housing for low and moderate-income families and individuals. Stevens Corner is treated as a partnership for income tax purposes. NOAH holds a 0.01% interest in the capital, profits, losses, credits, and cash flow of Stevens Corner, as the special limited partner. Stevens Corner's investor limited partner has committed and paid \$4,341,667 in capital contributions to Stevens Corner.

**Benfield Farms Limited Partnership (Benfield)**, a Massachusetts limited partnership, owns and operates 26 units of affordable housing for low and moderate-income seniors over 62 years of age in Carlisle, Massachusetts. Benfield is treated as a partnership for income tax purposes. NOAH is the special limited partner and holds no interest in the capital, profits, losses, credits, and cash flow of Benfield. Benfield's investor limited partner has committed and paid \$5,221,156 in capital contributions to Benfield.

**Sitkowski Limited Partnership (Sitkowski)**, a Massachusetts limited partnership, owns and operates 66 units of affordable housing for low-income seniors, as well as a dedicated space for a senior center serving a mixed-income population. Sitkowski is treated as a partnership for income tax purposes. Sitkowski's investor limited partner has committed and paid \$9,286,576 in capital contributions to Sitkowski.

**Shoe Shop Limited Partnership (Shoe Shop)**, a Massachusetts limited partnership, owns and operates 25 units of affordable housing for low-income individuals in Middleborough, Massachusetts. Shoe Shop is treated as a partnership for income tax purposes. The investor limited partner has committed and paid \$6,272,138 in capital contributions to Shoe Shop.

**Coppersmith Village Rental Limited Partnership (Coppersmith)**, a Massachusetts limited partnership, owns and operates a building which consists of a mix of 56 market rate and affordable rental units and a ground floor retail space (see Note 12). Coppersmith's investor limited partners have committed and paid \$7,990,476 in capital contributions to Coppersmith.

**Union Block Rental Limited Partnership (Union Block)**, a Massachusetts limited partnership, was formed in April 2021 to acquire and redevelop a historic building located at 1-31 Main Street and 22 Weir Street in downtown Taunton, Massachusetts into 38 mixed-income apartment units. NOAH, as the initial limited partner, holds a 99.99% ownership interest in Union Block. As of December 31, 2022 and 2021, Peace Properties incurred certain cumulative development costs totaling \$1,625,121 and \$884,121, respectively, related to the Union Block project, which will be transferred to Union Block in 2023. These costs are included in projects under development in the accompanying consolidating statements of financial position (see Note 6). Union Block had no activity during 2022 and 2021.



## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Other Entities

NOAH also maintains the following interests in general partners:

- Siochain Properties, Inc., 0.01% General Partner of Siochain. NOAH owns 100% of this corporation's common stock.
- Stevens Corner GP, Inc., 0.01% General Partner of Stevens Corner. NOAH owns 79% of this corporation's common stock.
- Benfield GP, LLC, 0.01% General Partner of Benfield. NOAH owns 100% of this corporation's common stock.
- Sitkowski GP, LLC, 0.01% General Partner of Sitkowski. NOAH owns 79% of this corporation's common stock.
- Shoe Shop GP, LLC, 0.01% General Partner of Shoe Shop. NOAH owns 100% of this corporation's common stock.
- Coppersmith Village Rental GP, LLC, 0.01% General Partner of Coppersmith. NOAH owns 79% of this corporation's common stock.
- Union Block Rental GP, LLC, 0.01% General Partner of Union Block. NOAH owns 100% of this corporation's common stock.

The financial activities of the entities listed above are not included as they are not material to the accompanying consolidating financial statements.

#### Unconsolidated Entities

NOAH and Affiliates' consolidating financial statements include transactions with the following related entities:

**143-153 Border Street Condominium Trust (the Border Street Trust)** was created as the "Organization of Unit Owners" as required by the provisions of Chapter 183A of the Massachusetts General Laws for the purpose of managing and regulating the 143-153 Border Street Condominium, which was established and created by a Master Deed executed by Peace Properties. One condominium unit is occupied by NOAH and Affiliates and the other is occupied by an unrelated organization. NOAH, as the manager of the Trust, earned \$12,360 in management fees for the years ended December 31, 2022 and 2021.

**Coppersmith Condominium Trust (the Coppersmith Trust)** was created during 2019 as the "Organization of Unit Owners" as required by the provisions of Chapter 183A of the Massachusetts General Laws for the purpose of managing and regulating Coppersmith Condominium, which was established and created by a Master Deed executed by Peace Properties. NOAH, as the manager of the Trust, earned \$6,300 in management fees for the years ended December 31, 2022 and 2021.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Transactions with Related Parties

##### *Guarantees*

NOAH has issued guarantees to fund various partnership operating deficits, if the general partner fails to make any operating deficit contributions during the period before the partnership achieves a number of consecutive twelve-month periods of break-even operations, as specified in the respective agreements.

NOAH's liability is limited as follows as of December 31, 2022:

Sitkowski	\$ 350,000
Benfield	\$ 175,000
Shoe Shop	\$ 150,000

##### *Mortgages and Notes Receivable*

NOAH and Affiliates have the following mortgages and notes receivable with related entities, primarily funded from the sale of various tax credits and capital grants as of December 31:

	<u>2022</u>	<u>2021</u>
3% note receivable, secured by a third mortgage on Coppersmith's property, due December 15, 2056	\$ 2,316,942	\$ 2,316,942
3.32% note receivable, secured by a shared second mortgage on Sitkowski's property, due December 30, 2053	2,700,000	2,700,000
3.32% note receivable, secured by a shared second mortgage on Sitkowski's property, due December 30, 2053	2,047,000	2,047,000
Non-interest bearing note, secured by a shared second mortgage on Shoe Shop's property, due August 12, 2045	1,271,628	1,275,000
0.01% note receivable, secured by a third mortgage on Benfield's property, due April 5, 2058	871,200	871,200
5% note receivable, secured by a third mortgage on Stevens Corner's property, due August 15, 2041	511,179	511,179
Non-interest bearing unsecured note receivable from Sitkowski, due December 31, 2053	<u>99,832</u>	<u>99,832</u>
Total	9,817,781	9,821,153
Less - valuation allowance	<u>(9,817,781)</u>	<u>(9,821,153)</u>
	<u>\$ -</u>	<u>\$ -</u>

It is NOAH and Affiliates' policy to fully reserve these mortgages and notes receivable if they are only due upon available cash flow. Principal payments of \$3,372 were due and paid in 2022 based on 2021 cash flow. There are no principal payments due in 2023 based on 2022 cash flows. The balance of mortgages and notes receivable as of December 31, 2022 and 2021, is included in contracts, loans and other receivables in the accompanying consolidating statements of financial position.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Transactions with Related Parties (Continued)

##### *Property and Project Management Services*

NOAH performs property and project management services for NOAH's related rental property entities and third-party condo trusts (see below). These properties are directly billed management fees for NOAH's staff assigned to the property, along with related expenses.

Property management fees between NOAH and related parties are as follows:

	<u>2022</u>	<u>2021</u>
Paz	\$ 146,630	\$ 146,630
Shalom	111,336	112,101
Paco (property management)	48,600	47,918
Siochain	46,457	46,457
Trinity House	34,120	34,120
Benfield	29,949	29,764
Third-party condo trusts	18,660	18,660
Shoe Shop	5,971	5,797
Paco (project management)	-	75,000
Coppersmith	-	26,735
	<u>441,723</u>	<u>543,182</u>
Less - elimination for intercompany	<u>(423,063)</u>	<u>(449,522)</u>
	<u>\$ 18,660</u>	<u>\$ 93,660</u>

There were no amounts of property and project management fees receivable from third parties as of December 31, 2022 and 2021.

##### *Developer Fees*

The following is a summary of active developer fee contract balances (remaining balances to either be recognized or collected by NOAH) for projects owned and operated by affiliates as of and for the year ended December 31, 2022:

<u>Project</u>	<u>Total Contract</u>	<u>Recognized Prior to 2021</u>	<u>Recognized During 2021</u>	<u>Recognized During 2022</u>	<u>Remaining Contract Balance</u>
Union Block	<u>\$ 1,692,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,154</u>	<u>\$ 1,269,462</u>
Aileron Home Ownership	<u>\$ 432,472</u>	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,472</u>

The remaining contract balance reflects revenue that has not been earned as the performance obligations have not been fully satisfied.

Developer fee receivables were \$946,830 and \$791,197 as of December 31, 2022 and 2021, respectively, and are included in due from affiliates in the accompanying consolidating statements of financial position.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Transactions with Related Parties (Continued)

##### Other Transactions

Balances between NOAH and the Affiliates, included in due from affiliates, pertain to developer fees, construction advances and operating advances and were as follows as of December 31:

	<b>2022</b>					
	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Allowance for Doubtful Accounts</u>	<u>Total</u>
NOAH receivable	\$ -	\$ 3,916,924	\$ 186,234	\$ 3,539,010	\$ (1,885,611)	\$ 5,756,557
NOAH CDFI receivable	45,020	607,474	-	242,616	-	895,110
Coppersmith receivable	40,000	-	-	-	-	40,000
Peace Properties receivable	15,857	-	-	-	-	15,857
Stevens Corner receivable	-	65,410	-	-	(65,410)	-
Subtotal	100,877	4,589,808	186,234	3,781,626	(1,951,021)	6,707,524
Less - current portion	55,857	1,225,899	-	1,446,199	-	2,727,955
	<u>\$ 45,020</u>	<u>\$ 3,363,909</u>	<u>\$ 186,234</u>	<u>\$ 2,335,427</u>	<u>\$ (1,951,021)</u>	<u>\$ 3,979,569</u>
	<b>2021</b>					
	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Allowance for Doubtful Accounts</u>	<u>Total</u>
NOAH receivable	\$ -	\$ 2,892,209	\$ 186,234	\$ 3,380,772	\$ (1,920,527)	\$ 4,538,688
NOAH CDFI receivable	45,020	612,723	-	242,616	-	900,359
Coppersmith receivable	28,000	-	-	-	-	28,000
Peace Properties receivable	15,857	-	-	170,872	-	186,729
Stevens Corner receivable	-	65,410	-	-	(65,410)	-
Subtotal	88,877	3,570,342	186,234	3,794,260	(1,985,937)	5,653,776
Less - current portion	43,857	557,007	-	1,104,547	-	1,705,411
	<u>\$ 45,020</u>	<u>\$ 3,013,335</u>	<u>\$ 186,234</u>	<u>\$ 2,689,713</u>	<u>\$ (1,985,937)</u>	<u>\$ 3,948,365</u>

### 4. CERTIFICATES OF DEPOSIT

At December 31, 2022 and 2021, NOAH has a sixty-month certificate of deposit (CD) that bears interest at 0.75% per annum and is set to mature in May 2024. The fair value of the CD, which approximates the cost basis, was \$254,382 and \$253,705 as of December 31, 2022 and 2021, respectively. This CD is collateral for the NWSL 2017 AHMI Fund, LLC note payable (see Note 10).

At December 31, 2022 and 2021, NOAH also has a thirty-six month CD that bears interest at 0.38% per annum and is set to mature in January 2025. The fair value of the CD, which approximates the cost basis, was \$472,116 and \$470,197 as of December 31, 2022 and 2021, respectively.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 5. RESTRICTED DEPOSITS

The balance of restricted deposits includes the following as of December 31:

	<u>2022</u>	<u>2021</u>
<b>NOAH CDFI:</b>		
Revolving loan fund capital	\$ 14,406	\$ 15,401
<b>Rental Programs:</b>		
Operating reserves	1,331,818	1,374,117
Replacement reserves	1,024,705	961,823
Tenant security deposits	299,645	288,909
Operating and other escrows	<u>133,365</u>	<u>129,705</u>
Total Rental Programs	<u>2,789,533</u>	<u>2,754,554</u>
Total restricted deposits	2,803,939	2,769,955
Less - current portion	<u>447,416</u>	<u>434,015</u>
Non-current portion	<u>\$ 2,356,523</u>	<u>\$ 2,335,940</u>

Operating and other escrows with short-term purposes are classified as current in the accompanying consolidating statements of financial position. Replacement reserves, operating reserves and other reserves, and restricted loan funds are classified as non-current in the accompanying consolidating statements of financial position. NOAH and Affiliates are required to maintain these reserves under the provisions of mortgage and partnership agreements. These reserves were adequately funded as of December 31, 2022 and 2021.

### 6. PROJECTS UNDER DEVELOPMENT

Projects under development consist of projects still under development and in the pre-development stage. All costs related to these projects have been capitalized and include the acquisition price and pre-development and developments costs. Once these projects are complete, the developments will become rental properties.

#### **Ayer Commons**

The Ayer Commons project is located at 65 Fitchburg Road, Ayer, Massachusetts (Ayer Commons), and will be developed into 70 units of affordable housing. Ten of the units will serve extremely low-income households. This project is still in the pre-development phase and expects to close on additional project financing later in 2023. Total project costs expected to be incurred on the Ayer Commons are \$29,356,000.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

### 6. PROJECTS UNDER DEVELOPMENT (Continued)

#### Other

Other projects consist of various projects in the early stage of pre-development and ongoing due diligence for potential viability. These projects are located in Attleboro, Middleborough, and Grafton, Massachusetts.

Projects under development consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Aileron - Homeownership (see Note 3)	\$ 2,611,377	\$ 1,694,189
Union Block (see Note 3)	1,625,121	884,121
Ayer Commons (see page 25)	1,256,353	754,419
Aileron - Rental (see Note 3)	789,057	703,767
Other (see above)	<u>21,179</u>	<u>137,392</u>
Total projects under development	<u>\$ 6,303,087</u>	<u>\$ 4,173,888</u>

### 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>			
	<u>NOAH</u>	<u>Peace Properties</u>	<u>Rental Programs</u>	<u>Total</u>
Buildings and improvements	\$ -	\$ 2,159,200	\$ 96,544,435	\$ 98,703,635
Land and improvements	-	603,946	7,278,288	7,882,234
Furniture, fixtures and equipment	<u>333,436</u>	<u>-</u>	<u>1,305,685</u>	<u>1,639,121</u>
	333,436	2,763,146	105,128,408	108,224,990
Less - accumulated depreciation	301,923	1,027,916	20,630,518	21,960,357
Less - elimination	<u>-</u>	<u>-</u>	<u>662,048</u>	<u>662,048</u>
	<u>\$ 31,513</u>	<u>\$ 1,735,230</u>	<u>\$ 83,835,842</u>	<u>\$ 85,602,585</u>
	<u>2021</u>			
	<u>NOAH</u>	<u>Peace Properties</u>	<u>Rental Programs</u>	<u>Total</u>
Buildings and improvements	\$ -	\$ 2,159,200	\$ 96,514,981	\$ 98,674,181
Land and improvements	-	603,946	7,278,288	7,882,234
Furniture, fixtures and equipment	<u>302,939</u>	<u>-</u>	<u>1,120,567</u>	<u>1,423,506</u>
	302,939	2,763,146	104,913,836	107,979,921
Less - accumulated depreciation	271,355	972,552	18,078,523	19,322,430
Less - elimination	<u>-</u>	<u>-</u>	<u>681,425</u>	<u>681,425</u>
	<u>\$ 31,584</u>	<u>\$ 1,790,594</u>	<u>\$ 86,153,888</u>	<u>\$ 87,976,066</u>

There are restrictions imposed by lenders on the use and sale of certain land and buildings and building improvements (see Notes 10 and 11).

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

### 8. CAPITALIZED COSTS

Capitalized costs consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Total costs incurred	\$ 210,823	\$ 210,823
Less - accumulated amortization	<u>117,415</u>	<u>106,392</u>
Net capitalized costs	<u>\$ 93,408</u>	<u>\$ 104,431</u>

Amortization expense for the years ended December 31, 2022 and 2021, was \$11,023 and \$15,996, respectively, and is included in depreciation and amortization in the accompanying consolidating financial statements. Amortization expense for the next five years is expected to be approximately \$11,000.

### 9. LOANS RECEIVABLE

#### NOAH CDFI

NOAH CDFI has outstanding loans receivable from local residents for purchase and/or rehabilitation of low to moderate-income housing of \$143,315 and \$144,658, respectively, less an allowance for doubtful accounts of \$57,458 as of December 31, 2022 and 2021. These amounts are included in contracts, loans and other receivables in the accompanying consolidating statements of financial position. Interest rates range from 3% to 5.4% and original maturity dates range from ten to thirty years. Loans are secured by a second or third lien on the property purchased or improved.

#### NOAH

NOAH and Affiliates have arrangements to act as the non-profit intermediary for projects which qualify for Massachusetts tax credits. Under these arrangements, NOAH received a donation of tax credits from each project's sponsor and made a loan to the respective project entity from the proceeds of NOAH's resale of the credits to outside investors. The loans have interest rates ranging from 0.001% to 3.05%, which NOAH will receive on the maturity date. These loans mature at various dates through December 2065.

Total outstanding principal balances is \$12,428,125 as of December 31, 2022 and 2021. These loans have specific restrictions surrounding their use, and due to their long-term deferred nature and likelihood of collectability, the notes are fully reserved at December 31, 2022 and 2021.

Loans receivable, net of allowances for doubtful accounts, is as follows as of December 31:

		<u>2022</u>			
<u>Entity</u>	<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NOAH CDFI	NWA (see Note 2)	2	\$ 143,315	\$ 57,458	\$ 85,857
NOAH	Massachusetts historic and state low-income tax credits	<u>4</u>	<u>12,428,125</u>	<u>12,428,125</u>	-
	Total	<u>6</u>	<u>\$ 12,571,440</u>	<u>\$ 12,485,583</u>	<u>\$ 85,857</u>

**NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

**9. LOANS RECEIVABLE (Continued)**

		<b>2021</b>			
<u>Entity</u>	<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NOAH CDFI	NWA (see Note 2)	2	\$ 144,658	\$ 57,458	\$ 87,200
NOAH	Massachusetts historic and state low-income tax credits	<u>4</u>	<u>12,428,125</u>	<u>12,428,125</u>	-
Total		<u>6</u>	<u>\$ 12,572,783</u>	<u>\$ 12,485,583</u>	<u>\$ 87,200</u>

Maturities of loans receivable over the next five years are as follows:

2023	\$ 1,281
2024	\$ 1,346
2025	\$ 1,408
2026	\$ 1,470
2027	\$ 1,532

**10. MORTGAGE AND NOTES PAYABLE**

Mortgage and notes payable (see page 33) consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
NOAH	\$ 2,809,450	\$ 2,615,678
Peace Properties	920,831	946,430
Rental Programs	<u>25,514,220</u>	<u>25,816,925</u>
Total mortgage and notes payable	29,244,501	29,379,033
Less - unamortized debt issuance costs	<u>360,330</u>	<u>406,759</u>
	28,884,171	28,972,274
Less - current portion	<u>13,786,877</u>	<u>10,397,178</u>
	<u>\$ 15,097,294</u>	<u>\$ 18,575,096</u>

**11. CONTINGENT LOANS AND ADVANCES**

Contingent loans and advances (see pages 35 and 36) are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Rental Programs contingent loans and advances	\$ 41,686,768	\$ 41,459,996
Less - current portion	582,170	-
Less - eliminations	<u>9,817,781</u>	<u>9,821,153</u>
	<u>\$ 31,286,817</u>	<u>\$ 31,638,843</u>



## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 12. LEASES

#### Lessee - NOAH

NOAH has certain intercompany leases with Peace Properties that are for a period of twelve months or less or contain renewal periods of twelve months or less. NOAH has elected the practical expedient to not include these leases as operating ROU assets and lease liabilities in the accompanying consolidating statements of financial position and treats the leases as short-term. Rent expense related to these short-term leases was \$109,611 and \$109,249 for the years ended December 31, 2022 and 2021, respectively, and is included in facility in the accompanying consolidating statements of functional expenses. Rental income and expense for 2022 and 2021 of \$109,611 and \$109,249, respectively, is eliminated in the accompanying consolidating statements of activities.

NOAH has a master lease agreement with Coppersmith to lease certain commercial space located on the ground floor of the Coppersmith property. The cumulative present value of the total lease payments through maturity is immaterial to the overall consolidating financial statements, thus no ROU asset or liability has been recognized in accordance with *Topic 842*. The term of the lease is fifteen years starting on the commencement date (September 1, 2019), ending on September 1, 2034. The initial annual base rent is \$12,000, payable in fixed monthly installments. The base rent amount increases annually by 1%. Total commercial rent income was \$12,000 for the years ended December 31, 2022 and 2021, which is eliminated in the accompanying consolidating statements of activities. NOAH owes Coppersmith \$40,000 and \$28,000 as of December 31, 2022 and 2021, respectively, which is included in due to affiliates in the accompanying consolidating statements of financial position. Future minimum lease payments under this agreement are approximately \$12,000 annually through the end of the lease term.

#### Lessor - NOAH

NOAH has certain leases that are for a period of twelve months or less or contain renewal periods of twelve months or less. Rental income related to these short-term leases was \$36,450 and \$36,000 for the years ended December 31, 2022 and 2021, respectively, and is included in net rental income in the accompanying consolidating statements of activities.

#### Lessor – Peace Properties

Peace Properties has a land use agreement with the purchasers of the condominium units which expires in July 2105, with an option to extend the original term of the agreement for one additional period of ninety-nine years (see Note 3). Monthly payments are calculated to equal 105% of the monthly payments of principal and interest necessary to amortize the Local Initiatives Support Corporation (LISC) loan (see Note 10) over the term of the loan until repaid in full. Upon paying the LISC loan in full, Peace Properties will continue to collect payments until the \$70,000 of NWA funds borrowed from NOAH are repaid. As payments are variable, there are no future minimum payments under this agreement.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 13. COMMITMENTS AND CONTINGENCIES

As discussed in Notes 2 and 3, NOAH has acted as sponsor and developer for various low-income and affordable housing developments. Most of these developments have received various forms of funding through NOAH or directly from Federal, state, and local sources. The terms of these funding agreements generally require that the projects maintain affordable housing and low-income eligibility status, as defined. If such status is not maintained, NOAH may be obligated to remedy any defaults in the requirements and may be liable to repay certain amounts to the funders.

In addition, NOAH, as project sponsor, in some cases, has agreed to advance funds to the LPs and LLCs as a guarantor of the General Partners' obligation to fund operating deficits, subsidize contract shortfalls, development cost overruns, payments for reduced tax benefits to limited partner investors, and other circumstances affecting the partnerships, as defined in the partnership agreements. NOAH's obligations under these agreements are limited (see Note 3).

NOAH has been notified of the following financing commitments for Union Block, which is under development (see Note 6), through May 17, 2023:

- \$4,150,000 from Housing Stabilization Fund
- \$1,000,000 from Affordable Housing Trust
- \$13,467,151 from Santander
- \$2,600,000 from MassHousing Taxable Loan
- \$800,000 from MassHousing Workforce Housing Loan
- \$900,000 from Global Architectural History Teaching Collective (GAHTC)
- \$1,630,000 from State Historical Tax Credits (HTC)
- \$2,615,550 from State Low Income Historical Tax Credit (State LIHTC)
- \$9,798,000 in Federal LIHTC Investor Equity

During 2022 and 2021, NOAH was awarded \$250,000 of Community Investment Tax Credits (CITCs) from the Department of Housing and Community Development (DHCD) in each year to disburse to donors in exchange for donations. In addition, NOAH carried over approximately \$57,000 and \$5,000 of unused 2021 and 2020 credits that were utilized during 2022 and 2021, respectively. The CITCs are provided to donors based upon 50% of eligible donations. NOAH received approximately \$502,000 and \$198,000 in eligible donations during 2022 and 2021, respectively, and provided approximately \$251,000 and \$396,000, respectively, in CITCs, leaving approximately \$56,000 and \$57,000 of credits to carryover to 2023 and 2022, respectively.

In the ordinary course of business, NOAH and Affiliates is involved in lawsuits from time-to-time. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the expected loss is accrued for. There have been no amounts accrued for in the accompanying consolidating financial statements as of December 31, 2022 and 2021.

### 14. CONCENTRATIONS

NOAH and Affiliates maintain their cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. NOAH and Affiliates have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash.

During 2022 and 2021, 76% and 73% of grant and contribution revenue was from two unrelated third parties, respectively. As of December 31, 2022 and 2021, 49% and 39%, respectively, of contracts, loans and other receivables was due from one unrelated third party.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

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### 15. CONDITIONAL GRANTS

#### COVID - Rent Relief

During 2022 and 2021, NOAH received government grants for rent relief that contained donor-imposed conditions that represent barriers that must be overcome as well as a right of return of the assets transferred. In accordance with *Topic 958*, NOAH recognizes the grants and contributions as revenue only when donor-imposed conditions are substantially met. Conditional grant advance consists of the following:

Conditional grant advance, as of December 31, 2020	\$ 280,000
Conditional awards received - 2021	8,000,000
Recognition of conditional awards	<u>(7,466,269)</u>
Conditional grant advance, as of December 31, 2021	813,731
Conditional awards received - 2022	7,989,900
Recognition of conditional awards	<u>(6,270,825)</u>
Conditional grant advance, as of December 31, 2022	<u>\$ 2,532,806</u>

During 2023, NOAH met the donor-imposed conditions and recognized the remaining conditional grant advance as grant and contribution revenue.

### 16. RETIREMENT PLAN

NOAH maintains a qualified salary reduction 403(b) retirement plan. The salary reduction plan covers substantially all employees who have met the eligibility requirements. NOAH does not contribute to the plan.

### 17. GAIN ON SALE

During 2021, Shalom (see Note 3) sold four condominium units as summarized below:

Proceeds from sale of condominium units	\$ 902,100
Less - net book value of property and equipment sold	(365,089)
Less - closing costs paid by seller	<u>(65,180)</u>
Gain on sale of property and equipment	<u>\$ 471,831</u>

Shalom used the cash proceeds from the sale of the condominium units and made a grant of \$519,082 to NOAH, which was eliminated in the accompanying 2021 consolidating statement of activities.

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2022 and 2021

### 18. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

NOAH and Affiliates' financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year from the consolidating statements of financial position date, comprise the following at December 31:

	<b>2022</b>			
	<b>NOAH</b>	<b>Peace Properties</b>	<b>NOAH CDFI</b>	<b>Rental Programs</b>
Cash	\$ 2,950,385	\$ 52,381	\$ 891	\$ 1,330,766
Current portion of restricted deposits	-	-	14,406	433,010
Current portion of contracts, loans and other receivables	<u>1,252,146</u>	<u>8,970</u>	<u>1,281</u>	<u>319,181</u>
	4,202,531	61,351	16,578	2,082,957
Less - cash held for programs and initiatives with donor restrictions (see Note 2)	(1,471,782)	-	-	-
Less - tenant security deposits (see Note 5)	-	-	-	(299,645)
	<u>\$ 2,730,749</u>	<u>\$ 61,351</u>	<u>\$ 16,578</u>	<u>\$ 1,783,312</u>
	<b>2021</b>			
	<b>NOAH</b>	<b>Peace Properties</b>	<b>NOAH CDFI</b>	<b>Rental Programs</b>
Cash	\$ 3,159,521	\$ 72,989	\$ 1,653	\$ 1,375,000
Current portion of restricted deposits	-	-	15,401	418,614
Current portion of contracts, loans and other receivables	<u>857,672</u>	<u>8,970</u>	<u>1,220</u>	<u>144,506</u>
	4,017,193	81,959	18,274	1,938,120
Less - cash held for programs and initiatives with donor restrictions (see Note 2)	(1,478,417)	-	-	-
Less - tenant security deposits (see Note 5)	-	-	-	(288,909)
	<u>\$ 2,538,776</u>	<u>\$ 81,959</u>	<u>\$ 18,274</u>	<u>\$ 1,649,211</u>

NOAH and Affiliates aim to maintain working capital balances of at least six months of operating expenses. As of December 31, 2022 and 2021, NOAH had average days of cash on hand of 117 and 132 (based on normal expenditures), respectively.

NOAH and Affiliates regularly monitor the availability of resources required to meet the operating needs of the rental projects. For purpose of analyzing resources available to meet general obligations over a twelve-month period, NOAH considers all expenditures related to the ongoing activities of operating rental housing to be general obligations, including the payment of debt service and contribution to reserves. The consolidated cash balance of the rental programs is not available to supplement NOAH's operations or other projects. Each rental program's liquidity must be evaluated individually.

### 19. RECLASSIFICATION

Certain amounts in the 2021 consolidating financial statements have been reclassified to conform with the 2022 presentation.

**NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES**

 Notes to Consolidating Financial Statements  
 December 31, 2022 and 2021

**10. MORTGAGE AND NOTES PAYABLE (Continued)**

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Balance	
					2022	2021
NOAH	NWSL 2017 AHMI Fund, LLC	Certificate of Deposit (see Note 4)	5.50%	March 2024	\$ 1,000,000	\$ 1,000,000
NOAH	City of Boston	Second mortgage on the Aileron Project (see Note 6)	2.00%	October 2023	** 702,456	702,456
	Community Economic Development Assistance Corporation (CEDAC)	All assets related to the Aileron Project (see Note 6)	7.00%	Construction financing closing	572,923	490,767
NOAH	CEDAC	All assets related to the Union Block Project (see Note 6)	7.00%	Construction financing closing	427,255	302,000
NOAH	CEDAC	All assets related to the Ayer Commons Project (see Note 6)	7.00%	Construction financing closing	106,816	105,666
NOAH	LISC	Unsecured	5.00%	Repaid during 2022	-	14,789
		First mortgage on the 143 Border Street building, plus an assignment of rents and leases	5.75%	July 2032	679,039	691,417
Peace Properties	Cambridge Savings Bank					
Peace Properties	City of Boston	Third mortgage on the 143 Border Street building	4.00%	March 2024	200,000	200,000
Peace Properties	LISC	Ground lease (see Note 13)	4.00%	September 2025	41,792	55,013
*** Shalom	Massachusetts Housing Partnership (MHP)	Mortgage on properties	3.78%	July 2024	812,149	836,054
*** Shalom Properties	MHP	Mortgage on properties	0.00%	October 2024	245,339	245,339
*** Shalom Properties	City of Boston	Mortgage on properties	0.00%	October 2024	245,339	245,339
*** Paz	MHP	Shared first mortgage on properties	4.80%	September 2023	** 474,351	491,471
*** Paz	MHP	Shared first mortgage on properties	6.27%	September 2023	** 221,813	233,177
*** Siochain	Boston Community Loan Fund (BCLF)	First mortgage on properties	7.00%	July 2027	98,044	111,413
*** Siochain	BCLF	Second mortgage on properties	3.50%	Repaid during 2022	-	9,095
*** Paco	Community Housing Capital, Inc.	Shared first mortgage on all properties	4.25%	June 2023	** 6,000,000	6,000,000
*** Paco	Rockland Trust	Shared first mortgage on all properties	4.25%	April 2023	** 3,362,890	3,362,890
*** Paco	BCLF	Shared first mortgage on 42-44 Saint Andrew Road	5.00%	July 2023	** 2,722,488	2,722,488
		First mortgage on the property and an assignment of leases and rents and reserves	7.04%	August 2032	1,211,795	1,239,175
*** Stevens Corner	MPH					
		First mortgage on the property, the reserve accounts and an assignment of leases and rents	4.32%	March 2034	1,235,302	1,267,491
*** Benfield Farms	MPH					
		First mortgage on the property and restricted deposits	5.50%	July 2056	1,646,141	1,664,592
*** Sitkowski	MassHousing					
		First mortgage on the property and an assignment of partnership interest	5.51%	April 2037	1,491,165	1,519,372
*** Shoe Shop	MHP					
*** Coppersmith	Mass Development Finance Agency (MDFA)	Shared first mortgage on the property	3.99%	December 2036	5,371,180	5,485,144
*** Coppersmith	MDFA	Shared first mortgage on the property	3.99%	December 2036	376,224	383,885
					29,244,501	29,379,033
		Less - unamortized debt issuance costs			(360,330)	(406,759)
		Less - current portion			(13,786,877)	(10,397,178)
		Total mortgage and notes payable, net			<u>\$ 15,097,294</u>	<u>\$ 18,575,096</u>

\*\* Outstanding mortgage and notes payables due in 2023 are in process of being refinanced and management anticipates closing on new financing later in 2023.

\*\*\* Rental programs (see page 28).

**10. MORTGAGE AND NOTES PAYABLE** (Continued)

Debt issuance costs related to the various mortgage and notes payable totaling \$918,088 and \$902,838 are shown net of accumulated imputed interest of \$557,758 and \$496,079 as of December 31, 2022 and 2021, respectively. Net debt issuance costs are reported on the consolidating statements of financial position as a direct reduction of the face amount of the related mortgage and notes payable. Imputed interest totaled \$61,679 and \$73,578 for the years ended December 31, 2022 and 2021, respectively, which is included in interest expense in the accompanying consolidating statements of functional expenses.

The mortgage and notes payable agreements contain various covenants with which NOAH and Affiliates must comply. As of December 31, 2022 and 2021, NOAH and Affiliates were in compliance with these covenants when considering waivers granted in some instances related to the rental portfolio.

Maturities of the mortgage and notes payable and imputed interest for the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Imputed Interest</u>
2023	\$ 13,786,877	\$ 44,450
2024	\$ 2,847,075	\$ 31,304
2025	\$ 297,112	\$ 26,967
2026	\$ 297,642	\$ 26,908
2027	\$ 312,341	\$ 26,846

11. CONTINGENT LOANS AND ADVANCES (Continued)

NOAH and Affiliates have received several contingent loans and advances from various organizations to help in the development of projects. These loans and advances generally are not required to be repaid unless the projects fail to maintain their status as low-income housing or default on other covenants as described in the agreements. It is the intention of management of NOAH to maintain these properties as low-income housing and to meet other conditions. Contingent loans and advances are as follows as of December 31:

Entity	Lender	Security	Interest Rate	Maturity	2022		2021	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Shalom	City of Boston	Mortgage on the property	5.00%	January 2023 (in process of extension)	\$ 164,000	\$ -	\$ 164,000	\$ -
Paz	MHP	Mortgage on properties	0.00%	July 2031	1,413,685	-	1,413,685	-
Paz	City of Boston	Mortgage on properties	1.00%	August 2070	** 1,111,871	49,336	1,111,871	36,977
Paz	City of Boston	Mortgage on properties	1.50%	June 2032	** 727,245	61,312	727,245	45,633
Paz	City of Boston	Unsecured	0.00%	This note is expected to be forgiven later in 2023	8,280	-	8,280	-
Trinity House	City of Boston	First mortgage on 406 Meridian Street and an assignment of leases and rents	1.00%	May 2030	862,094	146,735	862,094	136,609
Trinity House	City of Boston	Second mortgage on 406 Meridian Street and an assignment of leases	1.00%	August 2023 (in process of extension)	** 418,170	128,420	418,170	123,008
Siochain	Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD)	Shared mortgage on the properties	5.58%	March 2031	380,000	830,562	380,000	764,268
Siochain	City of Boston, Public Facilities Department	Shared mortgage on the properties	7.60%	October 2030	** 380,000	1,510,277	380,000	1,376,763
Paco	City of Boston	Various mortgage properties and assignment of rents and leases	0.00%	September 2071	** 3,846,430	-	3,846,430	-
Stevens Corner	Town of North Andover	Shared second mortgage on the property	3.00%	August 2041	1,338,580	479,562	1,338,580	439,404
Stevens Corner	DHCD under the Affordable Housing Trust Fund	Shared second mortgage on the property	0.00%	August 2041	985,000	-	985,000	-
Stevens Corner	Statute (AHTF)	Shared second mortgage on the property	0.00%	August 2041	985,000	-	985,000	-
Stevens Corner	DHCD under the Housing Stabilization Fund	Shared second mortgage on the property	3.00%	August 2061	668,772	248,756	668,772	228,693
Stevens Corner	Statute (HSF)	Shared second mortgage on the property	3.00%	August 2061	668,772	248,756	668,772	228,693
Stevens Corner	NOAH	Third mortgage on the property	5.00%	August 2041	** 511,179	175,117	511,179	149,558
Stevens Corner	CEDAC under the Community-Based Housing Fund Program (CBH)	Shared second mortgage on the property	0.00%	August 2041	** 352,138	-	352,138	-
Stevens Corner	North Shore HOME Consortium	Shared second mortgage on the property	3.00%	August 2041	175,000	64,283	175,000	59,032
Stevens Corner	Town of Andover through the North Shore Home Consortium	Shared second mortgage on the property	3.00%	August 2041	75,000	25,732	75,000	23,483
Benfield	NOAH	Shared second mortgage on the property	0.01%	April 2058	** 871,200	683	871,200	595
Benfield	DHCD - AHTF	Shared second mortgage on the property and an assignment of leases and rents	0.00%	January 2044	850,000	-	850,000	-
Benfield	DHCD - HSF	Shared second mortgage on the property and an assignment of leases and rents	0.00%	January 2064	550,000	-	550,000	-
Benfield	DHCD - HOME	Shared second mortgage on the property and an assignment of leases and rents	0.00%	January 2044	550,000	-	550,000	-
Benfield	Town of Carlisle Affordable Housing Trust	Shared second mortgage on the property and an assignment of leases and rents	0.00%	January 2044	425,000	-	425,000	-
Sitkowski	NOAH	Shared second mortgage on the property	3.32%	December 2053	** 2,700,000	627,729	2,700,000	538,089
Sitkowski	NOAH	Shared second mortgage on the property	3.32%	December 2053	** 2,047,000	447,404	2,047,000	379,444
Sitkowski	MassHousing	Third mortgage on the property	2.00%	December 2055	1,645,434	224,937	1,645,434	191,988
Sitkowski	DHCD - AHTF	Shared second mortgage on the property and an assignment of leases and rents	1.00%	February 2044	1,000,000	91,389	1,000,000	80,833
Sitkowski	DHCD - HSF	Shared second mortgage on the property and an assignment of leases and rents	0.00%	February 2064	1,000,000	-	1,000,000	-

11. CONTINGENT LOANS AND ADVANCES (Continued)

Entity	Lender	Security	Interest Rate	Maturity	2022		2021	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Sitkowski	DHCD - HOME	Shared second mortgage on the property and an assignment of leases and rents	2.00%	February 2044	715,000	122,710	715,000	108,410
Sitkowski	NOAH	Unsecured	0.00%	December 2053	** 99,832	-	99,832	-
Shoe Shop	NOAH	Shared second mortgage on the property	0.00%	August 2045	** 1,271,628	-	1,275,000	-
Shoe Shop	DHCD - AHTF Greater Attleboro/Taunton Consortium HOME Program	Shared second mortgage on the property and an assignment of leases and rents	0.00%	July 2046	759,644	-	759,644	-
Shoe Shop	The Neighborhood Corporation (TNC)	Shared second mortgage on the property	0.00%	July 2046	109,500	-	109,500	-
Shoe Shop	City of Boston	Shared second mortgage on the property	0.00%	August 2045	40,000	-	40,000	-
Coppersmith	NOAH	Shared second mortgage on the property	2.50%	June 2048	** 6,888,000	700,220	6,888,000	532,624
Coppersmith	DHCD - HSF	Shared third mortgage on the property	3.00%	December 2056	** 2,316,942	216,267	2,316,942	170,572
Coppersmith	DHCD - AHTF	Shared second mortgage on the property	2.00%	June 2068	** 1,562,500	115,651	1,562,500	88,407
Coppersmith	DHCD - NFITF	Shared second mortgage on the property	2.00%	June 2048	** 1,000,000	117,836	1,000,000	100,400
Coppersmith	DHCD - HOME	Shared second mortgage on the property	2.00%	November 2050	** 600,000	21,290	600,000	10,633
Coppersmith	CEDAC	Shared second mortgage on the property	2.00%	June 2048	** 550,000	34,896	550,000	24,826
Coppersmith	NewVue Communities, Inc.	Shared second mortgage on the property	0.00%	December 2048	** 299,231	-	300,000	-
Coppersmith	DHCD - Commercial Area Transit Node Housing Program (CATNHP)	Shared third mortgage on the property	3.00%	August 2062	** 231,394	1,446	-	-
Coppersmith	Program (CATNHP)	Shared second mortgage on the property	0.00%	June 2048	** 187,019	-	187,500	-
					41,686,768	6,442,550	41,459,996	5,610,249
					(582,170)	(128,420)	-	(27,181)
					(9,817,781)	(1,467,200)	(9,821,153)	(1,238,258)
					<u>\$ 31,286,817</u>	<u>\$ 4,846,930</u>	<u>\$ 31,638,843</u>	<u>\$ 4,344,810</u>

\*\* These notes could have payments due in any given year based on net cash flow as defined in the operating or debt agreements.

The contingent loan and advance agreements contain various covenants with which NOAH and Affiliates must comply. As of December 31, 2022 and 2021, NOAH and Affiliates were in compliance with financial covenants associated with its contingent loans and advances.



## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Programs  
For the Year Ended December 31, 2022  
(With Summarized Comparative Totals as of December 31, 2021)

	2022										2021	
	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total	Total
<b>Assets</b>												
Current Assets:												
Cash	\$ 124,581	\$ 387,689	\$ 181,088	\$ 130,562	\$ 55,096	\$ 13,667	\$ 14,661	\$ 75,378	\$ 71,706	\$ 276,338	\$ 1,330,766	\$ 1,375,000
Current portion of restricted deposits	54,435	48,600	7,654	15,190	69,457	41,789	49,607	75,923	18,611	51,744	433,010	418,614
Contracts, loans and other receivables	43,977	54,259	11,350	6,918	108,280	20,359	10,547	19,656	4,959	38,876	319,181	144,506
Due from affiliates	-	-	-	-	-	-	-	-	-	40,000	40,000	28,000
Prepaid expenses and other	29,820	36,823	13,227	1,725	12,577	7,683	4,974	19,025	12,031	54,877	192,762	175,384
Total current assets	252,813	527,371	213,319	154,395	245,410	83,498	79,789	189,982	107,307	461,835	2,315,719	2,141,504
Restricted Deposits, net of current portion	138,576	423,317	222,707	59,409	137,828	87,025	226,300	300,485	188,676	572,200	2,356,523	2,335,940
Capitalized Costs, net	-	-	-	-	-	-	11,174	21,537	16,309	44,388	93,408	104,431
Property and Equipment, net	1,400,351	2,469,438	761,043	1,169,526	15,234,029	7,049,320	7,589,796	15,721,284	7,792,228	25,310,875	84,497,890	86,835,313
Total assets	\$ 1,791,740	\$ 3,420,126	\$ 1,197,069	\$ 1,383,330	\$ 15,617,267	\$ 7,219,843	\$ 7,907,059	\$ 16,233,288	\$ 8,104,520	\$ 26,389,298	\$ 89,263,540	\$ 91,417,188
<b>Liabilities and Net Assets</b>												
Current Liabilities:												
Current portion of mortgage and notes payable	\$ 24,824	\$ 696,164	\$ -	\$ 13,077	\$ 12,078,716	\$ 29,370	\$ 33,607	\$ 19,475	\$ 29,763	\$ 126,638	\$ 13,051,634	\$ 10,349,151
Current portion of contingent loans and advances	164,000	-	418,170	-	-	-	-	-	-	-	582,170	-
Current portion of accrued interest	-	-	128,420	-	188,390	19,207	-	-	-	19,595	355,612	275,518
Accounts payable and other liabilities	67,150	77,854	31,707	40,104	110,528	88,587	105,238	94,600	65,536	138,219	819,523	723,737
Current portion of due to affiliates	9,170	-	-	-	1,168,100	29,263	33,349	-	600	186,510	1,426,992	1,056,908
Total current liabilities	265,144	774,018	578,297	53,181	13,545,734	166,427	172,194	114,075	95,899	470,962	16,235,931	12,405,314
Long-Term Liabilities:												
Mortgage and notes payable, net	1,252,167	-	-	84,967	-	1,151,119	1,152,707	1,592,955	1,434,847	5,436,327	12,105,089	15,066,351
Due to affiliates, net of current portion	75,000	-	94,626	169,014	851,636	-	802,014	-	5,971	337,166	2,335,427	2,689,713
Accrued interest, net of current portion	-	110,648	146,735	2,340,839	-	974,243	683	1,514,169	-	1,207,606	6,294,923	5,535,429
Contingent loans and advances, net	-	3,261,081	862,094	760,000	3,846,430	4,105,669	3,246,200	9,207,266	2,180,772	13,635,086	41,104,598	41,459,996
Total long-term liabilities	1,327,167	3,371,729	1,103,455	3,354,820	4,698,066	6,231,031	5,201,604	12,314,390	3,621,590	20,616,185	61,840,037	64,751,489
Total liabilities	1,592,311	4,145,747	1,681,752	3,408,001	18,243,800	6,397,458	5,373,798	12,428,465	3,717,489	21,087,147	78,075,968	77,156,803
Net Assets:												
Without donor restrictions:												
Operating	176,493	449,517	181,612	114,291	(1,033,218)	(34,352)	(58,798)	125,382	41,171	137,106	99,204	53,751
Property and equipment	22,936	(1,175,138)	(666,295)	(2,138,962)	(1,593,315)	856,737	2,592,059	3,679,441	4,345,860	5,165,045	11,088,368	13,899,526
Total without donor restrictions	199,429	(725,621)	(484,683)	(2,024,671)	(2,626,533)	822,385	2,533,261	3,804,823	4,387,031	5,302,151	11,187,572	13,953,277
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-	307,108
Total net assets	199,429	(725,621)	(484,683)	(2,024,671)	(2,626,533)	822,385	2,533,261	3,804,823	4,387,031	5,302,151	11,187,572	14,260,385
Total liabilities and net assets	\$ 1,791,740	\$ 3,420,126	\$ 1,197,069	\$ 1,383,330	\$ 15,617,267	\$ 7,219,843	\$ 7,907,059	\$ 16,233,288	\$ 8,104,520	\$ 26,389,298	\$ 89,263,540	\$ 91,417,188

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Programs  
For the Year Ended December 31, 2021

<u>Assets</u>	<u>Shalom Properties, Inc.</u>	<u>Paz Properties, Inc.</u>	<u>Trinity House LLC</u>	<u>Siochain Properties LP</u>	<u>Paco Properties LLC</u>	<u>Stevens Corner LP</u>	<u>Benfield Farms LP</u>	<u>Sitkowski LP</u>	<u>Shoe Shop LP</u>	<u>Coppersmith LP</u>	<u>Total</u>
Current Assets:											
Cash	\$ 139,028	\$ 411,237	\$ 188,233	\$ 120,482	\$ 13,735	\$ 25,749	\$ 6,143	\$ 146,190	\$ 114,145	\$ 210,058	\$ 1,375,000
Current portion of restricted deposits	57,157	47,156	9,860	11,988	63,376	37,888	44,799	79,878	18,300	48,212	418,614
Contracts, loans and other receivables	27,379	18,200	2,687	3,947	39,023	9,099	5,317	9,586	1,554	27,714	144,506
Due from affiliates	-	-	-	-	-	-	-	-	-	28,000	28,000
Prepaid expenses and other	27,431	33,354	12,882	1,669	11,545	7,050	3,465	17,493	10,086	50,409	175,384
Total current assets	250,995	509,947	213,662	138,086	127,679	79,786	59,724	253,147	144,085	364,393	2,141,504
Restricted Deposits, net of current portion	114,439	430,148	213,329	55,803	125,227	152,470	237,800	275,751	181,906	549,067	2,335,940
Capitalized Costs, net	-	-	-	-	-	551	12,986	24,474	18,227	48,193	104,431
Property and Equipment, net	1,450,492	2,580,051	813,957	1,222,821	15,530,340	7,195,186	7,813,675	16,217,657	8,030,663	25,980,471	86,835,313
Total assets	<u>\$ 1,815,926</u>	<u>\$ 3,520,146</u>	<u>\$ 1,240,948</u>	<u>\$ 1,416,710</u>	<u>\$ 15,783,246</u>	<u>\$ 7,427,993</u>	<u>\$ 8,124,185</u>	<u>\$ 16,771,029</u>	<u>\$ 8,374,881</u>	<u>\$ 26,942,124</u>	<u>\$ 91,417,188</u>
<b>Liabilities and Net Assets</b>											
Current Liabilities:											
Current portion of mortgage and notes payable	\$ 23,905	\$ 724,648	\$ -	\$ 25,625	\$ 9,343,707	\$ 27,380	\$ 32,189	\$ 18,528	\$ 31,543	\$ 121,626	\$ 10,349,151
Current portion of accrued interest	-	-	-	-	181,103	19,207	-	-	-	75,208	275,518
Accounts payable and other liabilities	56,519	76,498	32,275	36,620	104,911	62,710	112,186	43,539	51,388	147,091	723,737
Current portion of due to affiliates	10,520	-	-	-	920,058	29,263	37,389	-	32,943	26,735	1,056,908
Total current liabilities	90,944	801,146	32,275	62,245	10,549,779	138,560	181,764	62,067	115,874	370,660	12,405,314
Long-Term Liabilities:											
Mortgage and notes payable, net	1,269,305	-	-	94,883	2,722,488	1,176,818	1,181,969	1,611,347	1,459,751	5,549,790	15,066,351
Due to affiliates, net of current portion	75,000	-	94,626	169,014	851,636	-	717,368	-	-	782,069	2,689,713
Accrued interest, net of current portion	-	82,610	259,617	2,141,031	-	880,963	595	1,298,764	-	871,849	5,535,429
Contingent loans and advances	164,000	3,261,081	1,280,264	760,000	3,846,430	4,105,669	3,246,200	9,207,266	2,184,144	13,404,942	41,459,996
Total long-term liabilities	1,508,305	3,343,691	1,634,507	3,164,928	7,420,554	6,163,450	5,146,132	12,117,377	3,643,895	20,608,650	64,751,489
Total liabilities	1,599,249	4,144,837	1,666,782	3,227,173	17,970,333	6,302,010	5,327,896	12,179,444	3,759,769	20,979,310	77,156,803
Net Assets:											
Without donor restrictions:											
Operating	83,956	226,341	181,387	101,466	(897,290)	(12,187)	(89,851)	209,608	59,754	190,567	53,751
Property and equipment	32,721	(1,058,140)	(607,221)	(1,911,929)	(1,289,797)	1,138,170	2,886,140	4,381,977	4,555,358	5,772,247	13,899,526
Total without donor restrictions	116,677	(831,799)	(425,834)	(1,810,463)	(2,187,087)	1,125,983	2,796,289	4,591,585	4,615,112	5,962,814	13,953,277
With donor restrictions	100,000	207,108	-	-	-	-	-	-	-	-	307,108
Total net assets	216,677	(624,691)	(425,834)	(1,810,463)	(2,187,087)	1,125,983	2,796,289	4,591,585	4,615,112	5,962,814	14,260,385
Total liabilities and net assets	<u>\$ 1,815,926</u>	<u>\$ 3,520,146</u>	<u>\$ 1,240,948</u>	<u>\$ 1,416,710</u>	<u>\$ 15,783,246</u>	<u>\$ 7,427,993</u>	<u>\$ 8,124,185</u>	<u>\$ 16,771,029</u>	<u>\$ 8,374,881</u>	<u>\$ 26,942,124</u>	<u>\$ 91,417,188</u>

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Programs  
For the Year Ended December 31, 2022  
(With Summarized Comparative Totals for the Year Ended December 31, 2021)

	2022										2021	
	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total	Total
<b>Net Assets Without Donor Restrictions:</b>												
Operating revenues:												
Rental income, net of vacancies	\$ 421,890	\$ 539,559	\$ 165,696	\$ 198,461	\$ 1,020,087	\$ 581,564	\$ 376,678	\$ 626,827	\$ 436,716	\$ 1,283,847	\$ 5,651,325	\$ 5,412,678
Interest and other income	7,932	7,485	2,144	2,963	2,328	8,446	7,421	31,500	6,212	60,537	136,968	165,260
Net assets released from purpose restrictions	-	-	-	-	-	-	-	-	-	-	-	100,000
Total operating revenues	429,822	547,044	167,840	201,424	1,022,415	590,010	384,099	658,327	442,928	1,344,384	5,788,293	5,677,938
Operating expenses:												
Rental programs	390,542	487,991	158,237	154,279	1,140,308	562,205	389,449	722,525	428,721	975,917	5,410,174	5,737,346
Depreciation and amortization	56,528	131,945	52,914	61,545	321,553	238,123	257,590	507,159	242,288	693,373	2,563,018	2,568,209
Total operating expenses	447,070	619,936	211,151	215,824	1,461,861	800,328	647,039	1,229,684	671,009	1,669,290	7,973,192	8,305,555
Changes in net assets without donor restrictions from operations	(17,248)	(72,892)	(43,311)	(14,400)	(439,446)	(210,318)	(262,940)	(571,357)	(228,081)	(324,906)	(2,184,899)	(2,627,617)
Non-operating revenue (expenses):												
NWA permanent capital funds released, net	100,000	207,108	-	-	-	-	-	-	-	-	307,108	-
Gain on sale of property and equipment	-	-	-	-	-	-	-	-	-	-	-	471,831
Deferred interest	-	(28,038)	(15,538)	(199,808)	-	(93,280)	(88)	(215,405)	-	(335,757)	(887,914)	(864,899)
Total non-operating revenue (expenses)	100,000	179,070	(15,538)	(199,808)	-	(93,280)	(88)	(215,405)	-	(335,757)	(580,806)	(393,068)
Changes in net assets without donor restrictions	82,752	106,178	(58,849)	(214,208)	(439,446)	(303,598)	(263,028)	(786,762)	(228,081)	(660,663)	(2,765,705)	(3,020,685)
<b>Net Assets With Donor Restrictions:</b>												
Net assets released from purpose restrictions	(100,000)	(207,108)	-	-	-	-	-	-	-	-	(307,108)	(100,000)
Changes in net assets	\$ (17,248)	\$ (100,930)	\$ (58,849)	\$ (214,208)	\$ (439,446)	\$ (303,598)	\$ (263,028)	\$ (786,762)	\$ (228,081)	\$ (660,663)	\$ (3,072,813)	\$ (3,120,685)

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Programs  
For the Year Ended December 31, 2021

	<u>Shalom Properties, Inc.</u>	<u>Paz Properties, Inc.</u>	<u>Trinity House LLC</u>	<u>Siochain Properties LP</u>	<u>Paco Properties LLC</u>	<u>Stevens Corner LP</u>	<u>Benfield Farms LP</u>	<u>Sitkowski LP</u>	<u>Shoe Shop LP</u>	<u>Coppersmith LP</u>	<u>Total</u>
<b>Net Assets Without Donor Restrictions:</b>											
Operating revenues:											
Rental income, net of vacancies	\$ 469,642	\$ 557,223	\$ 159,315	\$ 178,315	\$ 928,235	\$ 560,843	\$ 381,383	\$ 612,383	\$ 403,564	\$ 1,161,775	\$ 5,412,678
Interest and other income	3,467	15,485	3,156	3,016	10,645	7,791	15,103	35,902	7,804	62,891	165,260
Net assets released from purpose restrictions	100,000	-	-	-	-	-	-	-	-	-	100,000
Total operating revenues	<u>573,109</u>	<u>572,708</u>	<u>162,471</u>	<u>181,331</u>	<u>938,880</u>	<u>568,634</u>	<u>396,486</u>	<u>648,285</u>	<u>411,368</u>	<u>1,224,666</u>	<u>5,677,938</u>
Operating expenses:											
Rental programs	917,288	433,547	132,175	138,429	1,153,133	526,734	494,479	590,195	364,047	987,319	5,737,346
Depreciation and amortization	68,435	130,835	54,249	61,312	308,916	239,671	264,878	507,067	242,331	690,515	2,568,209
Total operating expenses	<u>985,723</u>	<u>564,382</u>	<u>186,424</u>	<u>199,741</u>	<u>1,462,049</u>	<u>766,405</u>	<u>759,357</u>	<u>1,097,262</u>	<u>606,378</u>	<u>1,677,834</u>	<u>8,305,555</u>
Changes in net assets without donor restrictions from operations	<u>(412,614)</u>	<u>8,326</u>	<u>(23,953)</u>	<u>(18,410)</u>	<u>(523,169)</u>	<u>(197,771)</u>	<u>(362,871)</u>	<u>(448,977)</u>	<u>(195,010)</u>	<u>(453,168)</u>	<u>(2,627,617)</u>
Non-operating revenue (expenses):											
Gain on sale of property and equipment	471,831	-	-	-	-	-	-	-	-	-	471,831
Deferred interest	-	(27,797)	(15,426)	(186,831)	-	(93,280)	(87)	(215,405)	-	(326,073)	(864,899)
Total non-operating revenue (expenses)	<u>471,831</u>	<u>(27,797)</u>	<u>(15,426)</u>	<u>(186,831)</u>	<u>-</u>	<u>(93,280)</u>	<u>(87)</u>	<u>(215,405)</u>	<u>-</u>	<u>(326,073)</u>	<u>(393,068)</u>
Changes in net assets without donor restrictions	59,217	(19,471)	(39,379)	(205,241)	(523,169)	(291,051)	(362,958)	(664,382)	(195,010)	(779,241)	(3,020,685)
<b>Net Assets With Donor Restrictions:</b>											
Net assets released from purpose restrictions	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Changes in net assets	<u>\$ (40,783)</u>	<u>\$ (19,471)</u>	<u>\$ (39,379)</u>	<u>\$ (205,241)</u>	<u>\$ (523,169)</u>	<u>\$ (291,051)</u>	<u>\$ (362,958)</u>	<u>\$ (664,382)</u>	<u>\$ (195,010)</u>	<u>\$ (779,241)</u>	<u>\$ (3,120,685)</u>

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Programs  
For the Years Ended December 31, 2022 and 2021

	<u>Shalom Properties, Inc.</u>	<u>Paz Properties, Inc.</u>	<u>Trinity House LLC</u>	<u>Siochain Properties LP</u>	<u>Paco Properties LLC</u>	<u>Stevens Corner LP</u>	<u>Benfield Farms LP</u>	<u>Sitkowski LP</u>	<u>Shoe Shop LP</u>	<u>Coppersmith LP</u>	<u>Total</u>
<b>Net Assets, December 31, 2020</b>	\$ 257,460	\$ (605,220)	\$ (386,455)	\$ (1,605,222)	\$ (1,663,918)	\$ 1,417,034	\$ 3,159,247	\$ 5,255,967	\$ 4,810,122	\$ 6,742,055	\$ 17,381,070
Changes in net assets	<u>(40,783)</u>	<u>(19,471)</u>	<u>(39,379)</u>	<u>(205,241)</u>	<u>(523,169)</u>	<u>(291,051)</u>	<u>(362,958)</u>	<u>(664,382)</u>	<u>(195,010)</u>	<u>(779,241)</u>	<u>(3,120,685)</u>
<b>Net Assets, December 31, 2021</b>	216,677	(624,691)	(425,834)	(1,810,463)	(2,187,087)	1,125,983	2,796,289	4,591,585	4,615,112	5,962,814	14,260,385
Changes in net assets	<u>(17,248)</u>	<u>(100,930)</u>	<u>(58,849)</u>	<u>(214,208)</u>	<u>(439,446)</u>	<u>(303,598)</u>	<u>(263,028)</u>	<u>(786,762)</u>	<u>(228,081)</u>	<u>(660,663)</u>	<u>(3,072,813)</u>
<b>Net Assets, December 31, 2022</b>	<u>\$ 199,429</u>	<u>\$ (725,621)</u>	<u>\$ (484,683)</u>	<u>\$ (2,024,671)</u>	<u>\$ (2,626,533)</u>	<u>\$ 822,385</u>	<u>\$ 2,533,261</u>	<u>\$ 3,804,823</u>	<u>\$ 4,387,031</u>	<u>\$ 5,302,151</u>	<u>\$ 11,187,572</u>

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Functional Expenses - Rental Programs  
 For the Year Ended December 31, 2022  
 (With Summarized Comparative Totals for the Year Ended December 31, 2021)

	2022										2021	
	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total	Total
<b>Personnel and Related:</b>												
Consulting and contract labor	\$ 62,996	\$ 78,493	\$ 32,020	\$ 26,345	\$ 49,934	\$ 154,432	\$ 99,977	\$ 207,200	\$ 107,980	\$ 219,450	\$ 1,038,827	\$ 962,395
<b>Other:</b>												
Interest expense	38,879	37,399	-	7,279	621,255	90,038	58,467	92,567	84,536	250,961	1,281,381	1,337,891
Telephone and utilities	64,789	51,681	27,715	17,408	97,982	148,827	89,481	192,485	72,551	140,171	903,090	747,490
Insurance and taxes	68,509	79,658	19,769	29,973	260,252	63,663	52,560	88,341	45,522	172,514	880,761	845,650
Repairs, maintenance and security	94,367	131,911	37,134	32,103	20,282	42,461	30,288	67,594	32,616	75,984	564,740	548,705
Management fees	24,989	33,725	6,277	20,757	48,600	35,401	29,949	32,917	33,778	79,064	345,457	363,189
Professional fees	15,520	15,520	15,820	16,200	8,160	18,814	17,877	22,195	26,572	17,629	174,307	158,505
Bad debts	10,352	40,798	14,773	3,000	30,701	-	1,076	-	12,077	121	112,898	97,272
Supplies and general office	4,748	4,887	97	-	477	5,828	1,996	12,096	13,089	15,409	58,627	60,031
Program expenses	3,997	11,452	1,807	599	-	398	6,335	2,569	-	4,614	31,771	54,133
Miscellaneous	1,396	2,467	2,825	615	2,665	2,343	1,443	4,561	-	-	18,315	43,003
Grant to affiliate	-	-	-	-	-	-	-	-	-	-	-	519,082
Total other	327,546	409,498	126,217	127,934	1,090,374	407,773	289,472	515,325	320,741	756,467	4,371,347	4,774,951
Total expenses before depreciation and amortization	390,542	487,991	158,237	154,279	1,140,308	562,205	389,449	722,525	428,721	975,917	5,410,174	5,737,346
<b>Depreciation and Amortization</b>	56,528	131,945	52,914	61,545	321,553	238,123	257,590	507,159	242,288	693,373	2,563,018	2,568,209
Total expenses	\$ 447,070	\$ 619,936	\$ 211,151	\$ 215,824	\$ 1,461,861	\$ 800,328	\$ 647,039	\$ 1,229,684	\$ 671,009	\$ 1,669,290	\$ 7,973,192	\$ 8,305,555

## NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Functional Expenses - Rental Programs  
For the Year Ended December 31, 2021

	<u>Shalom Properties, Inc.</u>	<u>Paz Properties, Inc.</u>	<u>Trinity House LLC</u>	<u>Siochain Properties LP</u>	<u>Paco Properties LLC</u>	<u>Stevens Corner LP</u>	<u>Benfield Farms LP</u>	<u>Sitkowski LP</u>	<u>Shoe Shop LP</u>	<u>Coppersmith LP</u>	<u>Total</u>
<b>Personnel and Related:</b>											
Consulting and contract labor	\$ 24,085	\$ 47,413	\$ 16,344	\$ 15,836	\$ 57,192	\$ 167,997	\$ 164,566	\$ 163,143	\$ 88,945	\$ 216,874	\$ 962,395
<b>Other:</b>											
Interest expense	48,842	38,969	-	9,154	655,097	91,894	59,827	93,465	87,877	252,766	1,337,891
Telephone and utilities	62,762	49,558	27,666	16,086	68,907	104,547	132,123	114,860	52,370	118,611	747,490
Insurance and taxes	70,537	73,355	19,286	27,661	250,274	61,792	52,149	85,103	41,210	164,283	845,650
Repairs, maintenance and security	92,163	124,933	38,215	29,990	25,860	39,278	21,801	49,240	25,634	101,591	548,705
Management fees	25,754	33,725	6,277	20,757	47,918	34,117	29,764	32,121	31,992	100,764	363,189
Professional fees	13,000	13,000	13,000	13,000	5,500	15,710	16,377	20,016	23,795	25,107	158,505
Bad debts	12,395	30,752	7,581	-	39,100	-	4,117	2,166	-	1,161	97,272
Supplies and general office	6,289	2,874	-	727	-	6,476	7,605	20,636	12,224	3,200	60,031
Program expenses	18,032	16,855	2,866	4,138	-	308	6,150	2,822	-	2,962	54,133
Miscellaneous	24,347	2,113	940	1,080	3,285	4,615	-	6,623	-	-	43,003
Grant to affiliate	519,082	-	-	-	-	-	-	-	-	-	519,082
Total other	893,203	386,134	115,831	122,593	1,095,941	358,737	329,913	427,052	275,102	770,445	4,774,951
Total expenses before depreciation and amortization	917,288	433,547	132,175	138,429	1,153,133	526,734	494,479	590,195	364,047	987,319	5,737,346
<b>Depreciation and Amortization</b>	68,435	130,835	54,249	61,312	308,916	239,671	264,878	507,067	242,331	690,515	2,568,209
Total expenses	\$ 985,723	\$ 564,382	\$ 186,424	\$ 199,741	\$ 1,462,049	\$ 766,405	\$ 759,357	\$ 1,097,262	\$ 606,378	\$ 1,677,834	\$ 8,305,555

**NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES**

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
Passed-Through the City of Boston - Department of Neighborhood Development:			
CDBG - Entitlement Grants Cluster:			
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	OMB20001 DNDC21002	\$ 6,270,825
Community Development Block Grants/Entitlement Grants	14.218	DNDC21001 DNDE21001 DNDW19002 DNDW20002 DNDW21002	<u>1,686,673</u>
Total CDBG - Entitlement Grants Cluster and Total AL No. 14.218			7,957,498
Rent Supplements - Rental Housing for Lower Income Families	14.149	N/A	<u>164,000</u>
Total U.S. Department of Housing and Urban Development			<u>8,121,498</u>
<b>U.S. Department of Treasury:</b>			
Passed-Through NeighborWorks® America (NWA):			
* Permanent Capital Funds	21.U01	N/A	1,390,502
Expendable Grants	21.U01	N/A	<u>488,824</u>
Total U.S. Department of Treasury and Total AL No. 21.U01			<u>1,879,326</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 10,000,824</u></u>

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of NOAH and Affiliates and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOAH's consolidating financial statements include certain for-profit entities, which are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2022, since the for-profit entities are not subject to the Uniform Guidance.

**Note 2. Loans Outstanding**

The Rent Supplements - Rental Housing for Lower Income Families (AL No. 14.149) represents the balance due on a loan at December 31, 2022, which was the highest balance of the loan during 2022.

**Note 3. Indirect Cost Rate**

NOAH and Affiliates have elected to use the 10% de minimis cost rate for its Federal programs.

**Note 4. NeighborWorks® America (NWA) Funds**

\* The Federal expenditure balance includes \$1,390,502 of funds advanced from NWA in prior years under its Permanent Capital program which required NOAH and Affiliates to permanently invest the cumulative balance of advances in qualified recoverable community investments. During the year ended December 31, 2022, NWA granted a release of the remaining balance totaling \$1,390,502 from the obligations of this Permanent Capital balance and, accordingly, this amount will not be included in future presentations of Federal expenditures.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

Independent Auditor's Report

To the Board of Directors of  
Neighborhood of Affordable Housing, Inc. and Affiliates:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Neighborhood of Affordable Housing, Inc. and Affiliates (collectively, NOAH and Affiliates), which comprise the consolidating statement of financial position as of December 31, 2022, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated May 17, 2023. The financial statements of certain for-profit entities were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal controls over financial reporting or instances of reportable non-compliance with these for-profit entities.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidating financial statements, we considered NOAH and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of NOAH and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of NOAH and Affiliates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NOAH and Affiliates' consolidating financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NOAH and Affiliates' consolidating financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidating financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NOAH and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOAH and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*AAFCPA, Inc.*

Boston, Massachusetts  
May 17, 2023

**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Directors of  
Neighborhood of Affordable Housing, Inc. and Affiliates:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Neighborhood of Affordable Housing, Inc. and Affiliates' (collectively, NOAH and Affiliates) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on NOAH and Affiliates' major Federal program for the year ended December 31, 2022. NOAH and Affiliates' major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

NOAH and Affiliates' consolidating financial statements include the financial statements of certain for-profit entities, which their Federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2022. Our audit, described below, did not include the Federal awards for the for-profit entities because the limited partnerships are not subject to Uniform Guidance standards.

In our opinion, NOAH and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NOAH and Affiliates and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major Federal program. Our audit does not provide a legal determination of NOAH and Affiliates' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NOAH and Affiliates' Federal program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on NOAH and Affiliates' compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NOAH and Affiliates' compliance with the requirements of the major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 NOAH and Affiliates' compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NOAH and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NOAH and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*AAFCPA, Inc.*

Boston, Massachusetts  
May 17, 2023

**NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES**

Schedule of Findings and Questioned Costs  
December 31, 2022

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**1. SUMMARY OF AUDITOR'S RESULTS**

**Consolidating Financial Statements**

Type of auditor's report issued on whether the consolidating financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report?       Yes       No

Internal control over financial reporting:

- Material weakness(es) identified?       Yes       No
- Significant deficiency(ies) identified?       Yes       None reported

Noncompliance material to consolidating financial statements noted?       Yes       No

**Federal Awards**

Internal control over major Federal program:

- Material weakness(es) identified?       Yes       No
- Significant deficiency(ies) identified?       Yes       None reported

Type of auditor's report issued on compliance for major Federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?       Yes       No

Identification of major Federal program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
CDBG - Entitlement Grants Cluster	14.218

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee?       Yes       No

**2. CONSOLIDATING FINANCIAL STATEMENT FINDINGS**

None

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None