



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

**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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December 31, 2016 and 2015

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Independent Auditor's Report

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Neighborhood of Affordable Housing, Inc. (a Massachusetts corporation, not for profit) and Affiliates (collectively, NOAH and Affiliates) which comprise the combined statements of financial position as of December 31, 2016 and 2015, and the related combined statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Neighborhood of Affordable Housing, Inc. and Affiliates as of December 31, 2016 and 2015, 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.

Emphasis of a Matter

During 2016, NOAH and Affiliates adopted Accounting Standards Update No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which modifies the classification of debt issuance costs in the combined statements of financial position. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information shown on pages 43 through 58 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The accompanying supplementary schedule of NeighborWorks® America's restricted net assets as of December 31, 2016, shown on page 59, is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. This schedule has not been subjected to the auditing procedures applied in the audit of the basic combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Alexander, Brown, Finning & Co., P.C.

Boston, Massachusetts
May 23, 2017

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Financial Position
December 31, 2016

Assets	Operating (Exhibit A)	Rental Programs (Exhibit H)	Eliminations	Total
Current Assets:				
Cash - operating	\$ 2,740,258	\$ 720,384	\$ -	\$ 3,460,642
Cash - development	1,408,380	1,303,179	-	2,711,559
Current portion of restricted deposits	311,825	334,397	-	646,222
Current portion of contracts, loans and other receivables	773,943	74,973	(549,098)	299,818
Current portion of due from affiliates	318,165	317,655	(635,820)	-
Prepaid expenses and other	7,406	136,794	-	144,200
Total current assets	5,559,977	2,887,382	(1,184,918)	7,262,441
Certificate of Deposit	114,999	-	-	114,999
Restricted Deposits, net of current portion	26,870	1,381,644	-	1,408,514
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts	85,787	-	-	85,787
Due from Affiliates, net of current portion and allowance for doubtful accounts	162,242	-	(162,242)	-
Capitalized Costs, net	-	104,694	-	104,694
Projects Under Development	1,164,890	4,649,290	-	5,814,180
Property and Equipment, net	2,086,042	54,719,384	(363,633)	56,441,793
Total assets	\$ 9,200,807	\$ 63,742,394	\$ (1,710,793)	\$ 71,232,408
Liabilities and Net Assets				
Current Liabilities:				
Current portion of mortgages and notes payable	\$ 42,806	\$ 655,121	\$ -	\$ 697,927
Current portion of accrued interest	18,999	59,363	(29,922)	48,440
Accounts payable and other liabilities	651,541	460,314	-	1,111,855
Current portion of developer fee payable	-	504,676	(504,676)	-
Current portion of due to affiliates	317,655	75,308	(392,963)	-
Total current liabilities	1,031,001	1,754,782	(927,561)	1,858,222
Long-Term Liabilities:				
Mortgages and notes payable, net of current portion	2,231,673	18,995,249	(1,382,379)	19,844,543
Due to affiliates, net of current portion	65,410	542,396	(607,806)	-
Construction payable	206,556	164,479	-	371,035
Accrued interest, net of current portion	-	2,185,427	(151,047)	2,034,380
Developer fee payable, net of current portion	-	832,286	(832,286)	-
Contingent loans and advances	-	22,826,473	(4,846,832)	17,979,641
Total long-term liabilities	2,503,639	45,546,310	(7,820,350)	40,229,599
Total liabilities	3,534,640	47,301,092	(8,747,911)	42,087,821
Net Assets:				
Unrestricted:				
Operating	3,807,905	662,595	141,390	4,611,890
Development	58,798	-	-	58,798
Property and equipment	274,106	15,371,599	(11,118,501)	4,527,204
Total unrestricted	4,140,809	16,034,194	(10,977,111)	9,197,892
Temporarily restricted	751,403	100,000	-	851,403
Permanently restricted - NW capital funds	773,955	307,108	251,944	1,333,007
Total net assets attributable to NOAH	5,666,167	16,441,302	(10,725,167)	11,382,302
Non-controlling interest in combined subsidiaries	-	-	17,762,285	17,762,285
Total net assets	5,666,167	16,441,302	7,037,118	29,144,587
Total liabilities and net assets	\$ 9,200,807	\$ 63,742,394	\$ (1,710,793)	\$ 71,232,408

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Financial Position
December 31, 2015

Assets	Operating (Exhibit B)	Rental Programs (Exhibit I)	Eliminations	Total
Current Assets:				
Cash - operating	\$ 2,377,440	\$ 464,040	\$ -	\$ 2,841,480
Cash - development	511,279	3,522,252	-	4,033,531
Current portion of restricted deposits	484,546	267,205	-	751,751
Contracts, loans and other receivables	285,600	65,392	(153,594)	197,398
Current portion of due from affiliates	605,809	-	(605,809)	-
Prepaid expenses and other	7,417	128,370	-	135,787
Total current assets	4,272,091	4,447,259	(759,403)	7,959,947
Certificate of Deposit	114,654	-	-	114,654
Restricted Deposits, net of current portion	283,603	1,280,467	-	1,564,070
Due from Affiliates, net of current portion	100	-	(100)	-
Capitalized Costs, net	-	86,851	-	86,851
Projects Under Development	2,892,170	4,972,871	-	7,865,041
Property and Equipment, net	2,157,693	44,282,550	(160,955)	46,279,288
Total assets	\$ 9,720,311	\$ 55,069,998	\$ (920,458)	\$ 63,869,851
Liabilities and Net Assets				
Current Liabilities:				
Current portion of mortgages and notes payable	\$ 42,139	\$ 111,695	\$ -	\$ 153,834
Current portion of accrued interest	18,999	29,561	(25,867)	22,693
Accounts payable and other liabilities	224,710	363,946	-	588,656
Current portion of developer fee payable	-	708,977	(708,977)	-
Current portion of due to affiliates	-	24,559	(24,559)	-
Total current liabilities	285,848	1,238,738	(759,403)	765,183
Long-Term Liabilities:				
Mortgages and notes payable, net of current portion	4,499,874	20,885,072	(1,382,379)	24,002,567
Due to affiliates, net of current portion	65,410	741,969	(807,379)	-
Construction payable	44,102	1,486,017	-	1,530,119
Accrued interest, net of current portion	-	1,793,949	(25,979)	1,767,970
Developer fee payable, net of current portion	-	261,593	(261,593)	-
Contingent loans and advances	-	16,669,792	(2,700,000)	13,969,792
Total long-term liabilities	4,609,386	41,838,392	(5,177,330)	41,270,448
Total liabilities	4,895,234	43,077,130	(5,936,733)	42,035,631
Net Assets:				
Unrestricted:				
Operating	3,081,333	517,091	55,424	3,653,848
Development	107,894	-	-	107,894
Property and equipment	352,219	11,068,669	(8,353,885)	3,067,003
Total unrestricted	3,541,446	11,585,760	(8,298,461)	6,828,745
Temporarily restricted	554,676	100,000	-	654,676
Permanently restricted - NW capital funds	728,955	307,108	251,944	1,288,007
Total net assets attributable to NOAH	4,825,077	11,992,868	(8,046,517)	8,771,428
Non-controlling interest in combined subsidiaries	-	-	13,062,792	13,062,792
Total net assets	4,825,077	11,992,868	5,016,275	21,834,220
Total liabilities and net assets	\$ 9,720,311	\$ 55,069,998	\$ (920,458)	\$ 63,869,851

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Activities
For the Year Ended December 31, 2016

	Operating (Exhibit C)	Rental Programs (Exhibit J)	Eliminations	Total
Unrestricted Net Assets:				
Operating revenues:				
Rental income, net of vacancies	\$ 58,693	\$ 2,877,887	\$ -	\$ 2,936,580
Project management and developer fees	1,000,007	-	(98,310)	901,697
Contracts, grants and other fees	906,022	-	-	906,022
Interest income and other, net	223,369	65,176	(149,308)	139,237
Property management fees	364,486	-	(351,034)	13,452
Net assets released from purpose restrictions	692,940	-	-	692,940
Total operating revenues	3,245,517	2,943,063	(598,652)	5,589,928
Operating expenses:				
Operating programs	2,573,504	-	-	2,573,504
Rental programs	-	2,767,202	(407,994)	2,359,208
Depreciation and amortization	72,650	1,437,605	(9,658)	1,500,597
Total operating expenses	2,646,154	4,204,807	(417,652)	6,433,309
Changes in unrestricted net assets from operations	599,363	(1,261,744)	(181,000)	(843,381)
Non-operating revenue (expenses):				
Rent up and marketing costs	-	(85,316)	-	(85,316)
Proceeds from sale of tax credits	2,047,000	-	-	2,047,000
Provision against affiliate loans receivable	(2,047,000)	-	2,047,000	-
Organizational costs and others	-	(64,644)	-	(64,644)
Deferred interest	-	(420,834)	154,843	(265,991)
Total non-operating revenue (expenses)	-	(570,794)	2,201,843	1,631,049
Changes in unrestricted net assets	599,363	(1,832,538)	2,020,843	787,668
Temporarily Restricted Net Assets:				
Grants and contributions	889,667	-	-	889,667
Net assets released from purpose restrictions	(692,940)	-	-	(692,940)
Changes in temporarily restricted net assets	196,727	-	-	196,727
Permanently Restricted Net Assets:				
Grants and contributions	45,000	-	-	45,000
Changes in net assets	841,090	(1,832,538)	2,020,843	1,029,395
Changes to Net Assets Attributable to Non-Controlling Interest:				
Non-controlling interest attributable to combined subsidiaries	-	1,581,479	-	1,581,479
Changes in net assets attributable to NOAH and Affiliates	\$ 841,090	\$ (251,059)	\$ 2,020,843	\$ 2,610,874

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Activities
For the Year Ended December 31, 2015

	<u>Operating</u> (Exhibit D)	<u>Rental</u> <u>Programs</u> (Exhibit K)	<u>Eliminations</u>	<u>Total</u>
Unrestricted Net Assets:				
Operating revenues:				
Rental income, net of vacancies	\$ 53,803	\$ 2,335,162	\$ -	\$ 2,388,965
Project management and developer fees, net	1,150,368	-	-	1,150,368
Contracts, grants and other fees, net	955,452	-	319,297	1,274,749
Interest income and other	15,845	43,890	-	59,735
Property management fees	341,023	-	(328,663)	12,360
Net assets released from purpose restrictions	714,615	-	-	714,615
Total operating revenues	<u>3,231,106</u>	<u>2,379,052</u>	<u>(9,366)</u>	<u>5,600,792</u>
Operating expenses:				
Operating programs	2,509,913	-	-	2,509,913
Rental programs	-	2,529,194	(328,663)	2,200,531
Depreciation and amortization	74,631	1,114,178	(4,350)	1,184,459
Total operating expenses	<u>2,584,544</u>	<u>3,643,372</u>	<u>(333,013)</u>	<u>5,894,903</u>
Changes in unrestricted net assets from operations	<u>646,562</u>	<u>(1,264,320)</u>	<u>323,647</u>	<u>(294,111)</u>
Non-operating revenue (expenses):				
Proceeds from sale of tax credits	3,571,200	-	-	3,571,200
Provision against related party receivables	67,500	-	50,000	117,500
Provision against affiliate loans receivable	(3,571,200)	-	3,571,200	-
Rent-up and marketing	-	(42,230)	-	(42,230)
Deferred interest	-	(275,779)	25,979	(249,800)
Total non-operating revenue (expenses)	<u>67,500</u>	<u>(318,009)</u>	<u>3,647,179</u>	<u>3,396,670</u>
Changes in unrestricted net assets	<u>714,062</u>	<u>(1,582,329)</u>	<u>3,970,826</u>	<u>3,102,559</u>
Temporarily Restricted Net Assets:				
Grants and contributions	760,764	-	-	760,764
Net assets released from purpose restrictions	(714,615)	-	-	(714,615)
Changes in temporarily restricted net assets	<u>46,149</u>	<u>-</u>	<u>-</u>	<u>46,149</u>
Permanently Restricted Net Assets:				
Grants and contributions	25,000	-	-	25,000
NW Fund investment released from restriction	(25,000)	-	-	(25,000)
Provision from valuation allowance on NW Fund investments	(176,944)	-	176,944	-
Changes in permanently restricted net assets	<u>(176,944)</u>	<u>-</u>	<u>176,944</u>	<u>-</u>
Changes in net assets	<u>583,267</u>	<u>(1,582,329)</u>	<u>4,147,770</u>	<u>3,148,708</u>
Changes to Net Assets Attributable to Non-Controlling Interest:				
Non-controlling interest attributable to combined subsidiaries	-	1,322,075	-	1,322,075
Changes in net assets attributable to NOAH and Affiliates	<u>\$ 583,267</u>	<u>\$ (260,254)</u>	<u>\$ 4,147,770</u>	<u>\$ 4,470,783</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statements of Changes in Net Assets
For the Years Ended December 31, 2016 and 2015

	NOAH and Affiliates					Non-Controlling Interest	Total
	Operating (Exhibit E)	Rental Programs (Exhibit L)	Eliminations	Total			
Net Assets, December 31, 2014	\$ 4,241,810	\$ 5,901,199	\$ (5,842,364)	\$ 4,300,645	\$ 6,710,869	\$ 11,011,514	
Capital contributions	-	7,673,998	(7,673,998)	-	7,673,998	7,673,998	
Changes in net assets	583,267	(1,582,329)	5,469,845	4,470,783	(1,322,075)	3,148,708	
Net Assets, December 31, 2015	4,825,077	11,992,868	(8,046,517)	8,771,428	13,062,792	21,834,220	
Capital contributions	-	6,366,222	(6,366,222)	-	6,366,222	6,366,222	
Syndication costs	-	(85,250)	85,250	-	(85,250)	(85,250)	
Changes in net assets	841,090	(1,832,538)	3,602,322	2,610,874	(1,581,479)	1,029,395	
Net Assets, December 31, 2016	\$ 5,666,167	\$ 16,441,302	\$ (10,725,167)	\$ 11,382,302	\$ 17,762,285	\$ 29,144,587	

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Cash Flows
For the Year Ended December 31, 2016

	Operating (Exhibit F)	Rental Programs (Exhibit M)	Eliminations	Total
Cash Flows from Operating Activities:				
Changes in net assets	\$ 841,090	\$ (1,832,538)	\$ 2,020,843	\$ 1,029,395
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	72,650	1,437,605	(9,658)	1,500,597
Deferred interest	-	420,834	(154,843)	265,991
Bad debts	3,110	18,664	-	21,774
Interest - amortization expense	2,207	14,727	-	16,934
Changes in operating assets and liabilities:				
Restricted deposits	172,721	(55,672)	-	117,049
Contracts, loans and other receivables	(577,240)	(28,245)	395,504	(209,981)
Due from affiliates	125,502	-	(125,502)	-
Prepaid expenses and other	11	(8,424)	-	(8,413)
Accrued interest	-	25,747	25,720	51,467
Accounts payable and other liabilities	(38,380)	119,368	-	80,988
Deferred revenue	-	(25,301)	-	(25,301)
Due to affiliates	-	70,374	(70,374)	-
Net cash provided by operating activities	<u>601,671</u>	<u>157,139</u>	<u>2,081,690</u>	<u>2,840,500</u>
Cash Flows from Investing Activities:				
Net (increase) decrease in projects under development	1,889,734	(4,527,044)	-	(2,637,310)
Cash paid for capitalized costs	-	(28,776)	-	(28,776)
Due from affiliates	-	(317,655)	317,655	-
(Increase) decrease in restricted deposits	256,733	(112,697)	-	144,036
Interest earned on certificate of deposit	(345)	-	-	(345)
Acquisition of property and equipment	(999)	(8,357,419)	212,336	(8,146,082)
Net cash provided by (used in) investing activities	<u>2,145,123</u>	<u>(13,343,591)</u>	<u>529,991</u>	<u>(10,668,477)</u>
Cash Flows from Financing Activities:				
Principal payments on mortgages and notes payable	(2,269,741)	(9,968,058)	-	(12,237,799)
Capital contributions	-	6,366,222	-	6,366,222
Syndication fees	-	(85,250)	-	(85,250)
Accounts and other liabilities	465,211	-	-	465,211
Developer fee payable	-	366,392	(366,392)	-
Due to affiliates	317,655	(219,198)	(98,457)	-
Proceeds from contingent loans and advances	-	6,156,681	(2,146,832)	4,009,849
Proceeds from mortgages and notes payable	-	8,606,934	-	8,606,934
Net cash provided by (used in) financing activities	<u>(1,486,875)</u>	<u>11,223,723</u>	<u>(2,611,681)</u>	<u>7,125,167</u>
Net Change in Cash	1,259,919	(1,962,729)	-	(702,810)
Cash:				
Beginning of year	<u>2,888,719</u>	<u>3,986,292</u>	<u>-</u>	<u>6,875,011</u>
End of year	<u>\$ 4,148,638</u>	<u>\$ 2,023,563</u>	<u>\$ -</u>	<u>\$ 6,172,201</u>
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest - expensed	<u>\$ 69,687</u>	<u>\$ 506,870</u>	<u>\$ -</u>	<u>\$ 576,557</u>
Cash paid for interest - capitalized	<u>\$ -</u>	<u>\$ 464,021</u>	<u>\$ -</u>	<u>\$ 464,021</u>
Projects under development and property and equipment financed with construction payable	<u>\$ 206,556</u>	<u>\$ 141,479</u>	<u>\$ -</u>	<u>\$ 348,035</u>
Projects under development placed into service	<u>\$ -</u>	<u>\$ 4,972,871</u>	<u>\$ -</u>	<u>\$ 4,972,871</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Cash Flows
For the Year Ended December 31, 2015

	<u>Operating</u> <u>(Exhibit G)</u>	<u>Rental</u> <u>Programs</u> <u>(Exhibit N)</u>	<u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Changes in net assets	\$ 583,267	\$ (1,582,329)	\$ 4,147,770	\$ 3,148,708
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	74,631	1,114,178	(4,350)	1,184,459
Deferred interest	-	275,779	-	275,779
Bad debts	3,110	20,490	-	23,600
Interest - amortization expense	-	15,274	-	15,274
Provision against related party receivables and valuation allowance on NW Fund investments	109,444	-	(109,444)	-
Changes in operating assets and liabilities:				
Restricted deposits	(293,669)	(82,093)	-	(375,762)
Contracts, loans and other receivables	21,236	(15,771)	-	5,465
Due from affiliates	197,006	-	(197,006)	-
Prepaid expenses and other	(619)	(44,548)	-	(45,167)
Accrued interest	14,405	(129,905)	(25,979)	(141,479)
Accounts payable and other liabilities	23,514	19,695	-	43,209
Due to affiliates	-	99,621	(99,621)	-
Net cash provided by (used in) operating activities	<u>732,325</u>	<u>(309,609)</u>	<u>3,711,370</u>	<u>4,134,086</u>
Cash Flows from Investing Activities:				
Net increase in projects under development	(902,696)	(2,475,203)	-	(3,377,899)
Cash paid for capitalized costs	-	(384,560)	-	(384,560)
(Increase) decrease in restricted deposits	215,065	(236,233)	-	(21,168)
Interest earned on certificate of deposit	(359)	-	-	(359)
Cash transfer	(221,015)	221,015	-	-
Acquisition of property and equipment	(36,143)	(5,213,100)	(448,662)	(5,697,905)
Net cash used in investing activities	<u>(945,148)</u>	<u>(8,088,081)</u>	<u>(448,662)</u>	<u>(9,481,891)</u>
Cash Flows from Financing Activities:				
Principal payments on mortgages and notes payable	(188,405)	(8,645,702)	-	(8,834,107)
Capital contributions	-	3,551,656	-	3,551,656
Developer fee payable	-	(527,690)	527,690	-
Due to affiliates	-	219,198	(219,198)	-
Proceeds from contingent loans and advances	-	1,190,156	-	1,190,156
Proceeds from mortgages and notes payable	1,448,280	15,969,121	(3,571,200)	13,846,201
Net cash provided by financing activities	<u>1,259,875</u>	<u>11,756,739</u>	<u>(3,262,708)</u>	<u>9,753,906</u>
Net Change in Cash	<u>1,047,052</u>	<u>3,359,049</u>	<u>-</u>	<u>4,406,101</u>
Cash:				
Beginning of year	<u>1,841,667</u>	<u>627,243</u>	<u>-</u>	<u>2,468,910</u>
End of year	<u>\$ 2,888,719</u>	<u>\$ 3,986,292</u>	<u>\$ -</u>	<u>\$ 6,875,011</u>
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest - expensed	<u>\$ 69,687</u>	<u>\$ 444,789</u>	<u>\$ -</u>	<u>\$ 514,476</u>
Cash paid for interest - capitalized	<u>\$ -</u>	<u>\$ 363,570</u>	<u>\$ -</u>	<u>\$ 363,570</u>
Project under development placed in service	<u>\$ -</u>	<u>\$ 16,553,747</u>	<u>\$ -</u>	<u>\$ 16,553,747</u>
Contingent loans and advances converted to capital contributions	<u>\$ -</u>	<u>\$ 4,122,342</u>	<u>\$ -</u>	<u>\$ 4,122,342</u>
Projects under development and property and equipment				

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended December 31, 2016

	Operating Programs										Total		
	Central Adminis- tration	Senior Home Repair	Housing Counseling	Community Services	Homebuyer Program	Real Estate and Economic Development	Property Management	NOAH CDFI	Eliminations	Operating Programs		Rental Programs (Exhibit P)	Eliminations
Personnel and Related:													
Salaries	\$ 176,173	\$ 57,309	\$ 59,458	\$ 266,985	\$ 280,734	\$ 351,119	\$ 138,661	\$ -	\$ -	\$ 1,330,440	\$ -	\$ -	\$ 1,330,440
Consulting and contract labor	2,891	13,324	-	23,325	2,470	82,990	62,479	-	-	187,479	465,095	-	652,574
Employee benefits	20,614	19,889	1,867	35,658	56,580	33,889	8,001	-	-	176,508	-	-	176,508
Payroll taxes	14,211	4,795	4,577	23,055	23,229	25,865	11,280	-	-	108,013	-	-	108,013
Total personnel and related	213,889	95,327	65,902	349,024	363,013	494,864	220,421	-	-	1,802,440	465,095	-	2,267,535
Other:													
Interest expense and bank fees	35,839	-	-	15	698	42,054	-	-	-	59,160	450,251	-	549,411
Telephone and utilities	1,893	1,972	844	5,021	5,976	3,294	7,580	20	(19,466)	26,580	470,388	-	496,968
Insurance and taxes	11,658	7,622	490	2,461	6,503	3,949	4,283	2,699	-	39,065	444,875	-	483,940
Professional fees	33,955	3,049	3,053	11,437	14,190	85,911	8,217	3,000	-	162,812	161,682	-	324,494
Special events and other program expenses	15,948	48,920	58,938	86,467	17,322	3,585	2,064	-	-	233,144	53,288	-	286,432
Repairs, maintenance and security	14,787	1,817	1,235	7,331	6,690	4,499	5,160	-	-	41,519	365,224	(240,874)	165,869
Management fees	-	-	-	-	-	-	-	-	-	-	207,085	(110,160)	96,925
Supplies and general office	5,668	1,343	457	4,139	4,142	4,452	3,901	-	-	25,102	66,942	-	92,044
Facility	21,498	11,494	8,528	39,955	36,297	3,410	26,509	-	(96,204)	51,488	-	-	51,488
Miscellaneous	10,192	-	-	969	225	1,567	150	54	-	13,157	23,708	-	36,865
Travel and conferences	4,226	2,599	267	2,443	6,384	10,448	7,963	-	-	34,330	-	-	34,330
Bad debts	40	-	-	-	-	46,874	15,455	-	-	62,369	18,664	(56,960)	24,073
Dues and subscriptions	9,025	162	110	1,498	242	1,482	119	150	-	12,788	-	-	12,788
Advertising	125	843	2,310	1,136	2,300	755	-	-	-	7,469	-	-	7,469
Equipment rental and purchases	200	133	90	509	458	328	363	-	-	2,081	-	-	2,081
Total other	166,054	79,954	75,222	163,382	101,427	212,008	81,764	5,923	(115,670)	771,064	2,302,107	(407,994)	2,665,177
Total expenses before depreciation and amortization	379,943	175,281	143,124	512,406	464,440	706,872	302,185	5,923	(115,670)	2,573,504	2,767,202	(407,994)	4,932,712
Depreciation and Amortization	8,643	4,362	3,537	12,750	11,557	24,281	7,520	-	-	72,650	1,437,605	(9,658)	1,500,597
Total expenses	\$ 388,586	\$ 179,643	\$ 146,661	\$ 525,156	\$ 475,997	\$ 731,153	\$ 309,705	\$ 5,923	\$ (115,670)	\$ 2,646,154	\$ 4,204,807	\$ (417,652)	\$ 6,433,309

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended December 31, 2015

	Operating Programs										Total Operating Programs	Eliminations	Total	
	Central Administration	Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	NOAH CDFI	Eliminations	Rental Programs (Exhibit C)				
Personnel and Related:														
Salaries	\$ 240,334	\$ 69,052	\$ 46,239	\$ 209,591	\$ 332,235	\$ 250,849	\$ 159,118	\$ -	\$ -	\$ 478,963	\$ -	\$ -	\$ 1,307,418	
Consulting and contract labor	821	18,682	-	17,700	9,420	-	68,789	-	-	115,412	-	-	594,375	
Employee benefits	26,426	18,637	1,746	23,305	57,903	19,207	8,498	-	-	155,722	-	-	155,722	
Payroll taxes	19,228	5,981	3,862	18,375	27,838	19,703	13,758	-	-	108,765	-	-	108,765	
Total personnel and related	286,809	112,352	51,867	268,971	427,396	289,759	250,163	-	-	1,687,317	-	-	2,166,280	
Other:														
Interest expense and bank fees	37,548	1,161	582	2,600	4,883	29,343	2,337	-	-	66,919	-	-	526,914	
Telephone and utilities	2,726	1,972	804	3,924	5,927	3,458	5,943	-	(11,595)	459,995	-	-	452,610	
Insurance and taxes	11,940	8,591	411	4,111	7,120	2,570	4,426	3,519	-	426,846	-	-	452,610	
Professional fees	39,087	2,943	2,816	8,227	16,037	115,505	9,487	7,250	-	316,034	-	-	358,722	
Special events and other program expenses	12,757	39,909	25,738	70,053	121,190	2,508	1,033	-	-	153,191	-	-	354,553	
Repairs, maintenance and security	9,172	1,755	1,128	5,879	7,873	3,588	5,745	-	-	53,772	-	-	326,960	
Management fees	-	-	-	-	-	-	-	-	-	399,041	(240,761)	-	193,220	
Supplies and general office	11,788	519	599	2,446	7,305	6,393	4,459	-	-	151,341	(87,902)	-	63,439	
Facility	16,043	7,322	4,507	21,542	31,333	50,436	19,261	-	(95,010)	33,449	-	-	33,449	
Miscellaneous	1,132	-	-	8,400	225	1,568	79	42	-	55,534	-	-	55,534	
Travel and conferences	6,849	2,490	728	4,819	6,785	14,175	7,031	-	-	20,572	-	-	32,018	
Bad debts	1,860	-	-	1,250	-	-	-	-	-	42,877	-	-	42,877	
Dues and subscriptions	8,094	132	85	414	613	1,944	362	150	-	3,110	-	-	23,600	
Advertising	166	784	950	-	15,251	-	25	-	-	11,794	-	-	11,794	
Equipment rental and purchases	264	126	81	577	588	383	360	-	-	47,176	-	-	17,176	
Total other	159,426	67,704	38,369	134,142	226,100	231,881	60,558	11,021	(106,605)	822,596	(328,663)	-	2,544,164	
Total expenses before depreciation and amortization	446,235	180,056	90,236	403,113	653,496	521,640	310,721	11,021	(106,605)	2,509,913	(328,663)	-	4,710,444	
Depreciation and Amortization	5,199	2,014	1,009	4,417	7,311	50,625	4,056	-	-	1,114,178	(4,350)	-	1,184,459	
Total expenses	\$ 451,434	\$ 182,070	\$ 91,245	\$ 407,530	\$ 660,807	\$ 572,265	\$ 314,777	\$ 11,021	\$ (106,605)	\$ 3,649,372	\$ (333,013)	\$ -	\$ 5,894,903	

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

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.

SIGNIFICANT ACCOUNTING POLICIES

NOAH prepares its combined financial statements in accordance with generally accepted accounting standards and principles 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 Combination

The combined financial statements include the net assets of NOAH and Affiliates. The Affiliates include NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Trinity House LLC, Siochain Properties Limited Partnership, Paco Properties LLC, Stevens Corner Limited Partnership, Sitkowski Limited Partnership, Shoe Shop LLC, and Benfield Farms Limited Partnership (collectively referred to as Affiliates) (see Note 2). NOAH and Affiliates share common management, facilities and Board membership.

The net assets accounts of wholly-owned and majority-owned subsidiary corporations, including the General Partners of NOAH's developments, have been consolidated with NOAH in the accompanying combined financial statements (see Note 2). 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 combined statements of financial position (see page 15).

The Affiliates also include 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 LP's and LLC's operations and NOAH controls the General Partners and Managing Members. Accordingly, the LPs and LLCs are included in the accompanying combined financial statements of NOAH and Affiliates.

Accounting Principle Adoption

During 2016, NOAH and Affiliates adopted the FASB's Accounting Standards Update (ASU) 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to mortgage and notes payable be presented in the combined statements of financial position as a direct reduction from the carrying balance of mortgage notes payable. Previously, NOAH and Affiliates reflected unamortized debt issuance costs as capitalized costs, an asset, in the accompanying 2015 combined statement of financial position, and has retroactively reclassified 2015 combined amounts in accordance with this ASU. The reclassification reduced total assets and mortgages and notes payable at December 31, 2015, by \$269,500.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principle Adoption (Continued)

In addition, amortization of debt issuance costs is required to be included with interest expense in the accompanying combined statements of activities and functional expenses. Accordingly, amortization expense totaling \$15,274 for the year ended December 31, 2015, has been reclassified to interest - amortization of debt issuance costs.

The adoption of this ASU did not impact NOAH and Affiliates' net assets, change in net assets, or cash flows for the years ended December 31, 2016 and 2015.

Cash and Cash - Development

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 for purposes of the combined statements of cash flows. Those highly liquid resources that are not generally available for current operations or otherwise restricted are classified as restricted deposits (see Note 4).

Cash - development consists of cash accounts designated for projects under development and is included in cash for purposes of the combined 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.

Projects Under Development

All project-related costs incurred during construction are capitalized for developments currently owned by NOAH and Affiliates as of December 31, 2016 and 2015. These include construction, soft costs, overhead, interest, and other costs and are reflected as projects under development (see Note 7) in the accompanying combined financial statements.

Property, Equipment and Depreciation

Property and equipment are recorded at cost. Improvements and major repairs are capitalized, while ordinary repairs and maintenance are expensed as incurred (see Note 8). Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	25 – 40 years
Furniture, fixtures and equipment	5 – 7 years
Leasehold improvements	Life of lease

Depreciation expense for the years ended December 31, 2016 and 2015, was \$1,489,664 and \$1,178,713, respectively.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, 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 2016 and 2015. As of December 31, 2016 and 2015, NOAH and Affiliates have not recognized any reduction in the carrying value of their property and equipment when considering this standard.

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 7).

Unamortized Debt Issuance Costs

Unamortized 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 9).

Donated Goods and Services

NOAH and Affiliates receive donated goods and services in various aspects of their programs. These goods and services are reflected in the accompanying combined financial statements based upon the estimated value assigned to them by donating volunteers, agencies, or by management.

Leases

The Non-Syndicated Rental Properties and Syndicated Rental Properties lease residential and commercial units to tenants under operating leases. The terms of the leases are for one year and are renewable annually. NOAH leases a commercial unit to a tenant under an operating lease agreement with a five year term.

Revenue Recognition

Rental income is recognized in the period the related facilities are occupied by the tenants. Property management fees and project management and developer fees are recognized as revenue when such services are rendered. However, due to the contingent nature of certain developer fees, some are not recognized until collection is assured. Contracts, grants and other fees are recognized over the term of the contract as services are provided. Interest income is recognized as earned.

In general, NOAH and Affiliates report grants and contributions when received or unconditionally committed by the donor as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications

Unrestricted Net Assets

NOAH and Affiliates classify unrestricted net assets 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 which resources are not expected to be available for operations for at least one year from the date of the combined statement 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.

Temporarily restricted net assets consist of those net resources not yet released from their donor-designated purpose restriction. Temporarily restricted net assets were as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Community services	\$ 526,813	\$ 404,550
Homebuyer and homeowner services	224,590	150,126
Rental housing	<u>100,000</u>	<u>100,000</u>
	<u>\$ 851,403</u>	<u>\$ 654,676</u>

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

Included in temporarily restricted grants are capital grant proceeds which have been invested into rental housing (see Note 6). It is NOAH's policy to release these net assets from restriction upon final disposition of the particular project.

Permanently restricted net assets consist of capital grant proceeds from NeighborWorks® America (NW). These grants are for use as a permanent capital resource for NOAH's development projects and other initiatives. The terms of these grants allow NOAH to use them for capitalized costs associated with development projects, but not for operating costs. NOAH may use these funds to pay for certain development costs which, in some cases, may be collected from the project on deferred terms.

When the timing of collection is deferred or uncertain, the value of the underlying asset may be reduced by a valuation allowance. In these circumstances, NW funds are reduced by a valuation allowance. When valuation allowances are reduced by later recoveries or because collection is assured, NW restricted net assets will be increased.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications (Continued)

NW's permanently restricted net assets were as follows as of December 31:

	<u>2016</u>	<u>2015</u>
Cumulative capital grants received, net of authorized write-offs (see Note 10)	\$ 1,482,457	\$ 1,437,457
Cumulative valuation allowance	(900,468)	(900,468)
Add - Intercompany elimination	<u>751,018</u>	<u>751,018</u>
	<u>\$ 1,333,007</u>	<u>\$ 1,288,007</u>

Non-controlling interest represents unrelated investors' interests in Benfield Farms, Stevens Corner, Sitkowski and Shoe Shop (see Note 2). The unrelated investors' shares of income/loss in the above entities are reflected as changes in net assets attributable to non-controlling interest in the accompanying combined statements of activities.

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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

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 combined 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 combined financial statements at December 31, 2016 and 2015.

As discussed on page 11, NOAH is exempt from income taxes under Section 501(c)(3) of the IRC. NOAH has for-profit corporate subsidiaries (see Note 2). The corporate subsidiaries had, for Federal and state income tax purposes, net operating loss carryforwards (NOLs) of approximately \$41,000 and \$32,000, respectively, available to offset future taxable income as of December 31, 2016. The corporate subsidiaries had, for Federal and state income tax purposes, NOLs of approximately \$27,000 and \$20,000, respectively, as of December 31, 2015. This standard does not have a material effect on the combined financial statements for 2016 and 2015, since the tax benefit of the NOL's have been fully reserved. The Federal NOLs expire at various dates through 2036.

NOAH and Affiliates' income tax returns are subject to examination by the appropriate tax jurisdictions.

Expense Allocation

Expenses related directly to a program or function are distributed to that program or function. Central administration expenses are allocated based upon management's estimate of the percentage attributable to each function.

Subsequent Events

Subsequent events have been evaluated through May 23, 2017, which is the date the combined financial statements were available to be issued. There were subsequent events that met the criteria for recognition and disclosure in the combined financial statements (see Note 12).

Combined 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 combined statements of activities. Peripheral or incidental transactions are reported as other revenues (expenses).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. RELATED PARTY TRANSACTIONS

Combined Entities

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

Operating

These entities represent core operations:

Peace Properties, Inc. (Peace Properties) was formed in 1992 as a non-profit 501(c)(3) affiliate of NOAH for the purpose of developing low to moderate-income housing and is treated as a non-profit for income tax purposes.

NOAH CDFI (see below) from time-to-time advances Peace Properties capital funds to invest in its real estate development activities. These advances are non-interest bearing with the exception of one advance that bears 3% interest, and are due at project construction closing (see Note 5). 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 fourteen condominium units known as Border Falcon Condominium units and entered into a ground lease agreement (see Note 11).

NOAH Community Development Fund, Inc. (NOAH CDFI) was formed in 2001 as a non-profit affiliate of NOAH to provide loans and counseling for homeownership to low and moderate-income residents (see Note 8). NOAH CDFI is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the IRC. As noted above, NOAH CDFI also makes advances to Peace Properties during the development stage of real estate activities.

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.

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 a rental housing project.

Trinity House LLC (Trinity House) is a Massachusetts limited liability company. 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.

Paco Properties LLC (Paco) is a Massachusetts limited liability company formed in 2016 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, 2016, Paco purchased three properties with a total of nine units.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. RELATED PARTY TRANSACTIONS (Continued)

Combined Entities (Continued)

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 as the special limited partner and Stevens Corner GP, Inc. also holds a 0.01% interest as the general partner.

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.

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.

The Investor Limited Partners have committed \$9,368,973 in capital contributions to Sitkowski, payable in five installments, as specified in the partnership agreement. The Investor Limited Partners have the right to a downward adjustment of their capital contributions if the amount of low-income credits is less than projected. Sitkowski had a first year adjuster of approximately \$82,000, which reduced the Investor Limited Partners' capital contributions. As of December 31, 2016, the Investor Limited Partners had funded the required \$9,286,576.

Shoe Shop Limited Partnership (Shoe Shop), a Massachusetts limited partnership, owns and operates 25 units of affordable housing for low-income individuals in Middleboro, Massachusetts (Shoe Shop Place, see Note 5). Shoe Shop is treated as a partnership for income tax purposes. NOAH owns 100% of the interest of the general partner, Shoe Shop GP LLC, which holds a 0.01% interest in the capital, profits, losses, credits, and cash flow of Shoe Shop. The Investor Limited Partner committed a total of \$6,144,949 of capital contributions to Shoe Shop. During 2016, the Investor Limited Partner funded \$3,591,074 of capital contributions. The remaining balance will be paid in 2017 as certain events and milestones are achieved.

Coppersmith Village Rental Limited Partnership (Coppersmith) was formed in December 2016 as a Massachusetts limited partnership. Coppersmith is developing a mixed use building which will consist of mixed-income residential units and a retail space (see Note 5). Coppersmith acquired the land from Peace Properties in December 2016 (see Note 5).

Other Entities

NOAH also maintains the following interest in other 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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. RELATED PARTY TRANSACTIONS (Continued)

Other Entities (Continued)

- Coppersmith Village Rental GP, LLC, 0.01% General Partner of Coppersmith. NOAH owns 79% of this corporation's common stock.

The financial activities of the entities listed above and on page 18 are not included as they are not material to the accompanying combined financial statements.

Uncombined Entity

NOAH and Affiliates' combined financial statements include transactions with the following related entity:

143-153 Border Street Condominium Trust (the 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 is the manager of the Trust. NOAH earned \$12,360 in management fees for the years ended December 31, 2016 and 2015. There was \$2,060 and \$4,120 due at December 31, 2016 and 2015, respectively.

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 five consecutive twelve-month periods of break-even operations as specified in the agreement. NOAH's liability is limited to the following:

Stevens Corner	\$ 242,000
Benfield	\$ 175,000
Sitkowski	\$ 350,000
Shoe Shop	\$ 150,000

Mortgages and Notes Receivable

NOAH has the following mortgages and notes receivable with related entities, primarily funded from the sale of various tax credits and capital grants:

	<u>2016</u>	<u>2015</u>
5% note receivable, secured by a third mortgage from Stevens Corner, due August 15, 2041	\$ 511,179	\$ 511,179
0.01% note receivable, secured by a mortgage from Benfield, due April 5, 2058	871,200	871,200
3.32% note receivable, secured by a shared second mortgage from Sitkowski, due December 30, 2053.	2,700,000	2,700,000
3.32% note receivable, secured by a shared second mortgage from Sitkowski, due December 30, 2053	2,047,000	-
Non-interest unsecured note receivable from Sitkowski, due December 30, 2053	<u>99,832</u>	<u>-</u>
	6,229,211	4,082,379
Less - valuation allowances	<u>6,229,211</u>	<u>4,082,379</u>
Net expected realizable value	<u>\$ -</u>	<u>\$ -</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. RELATED PARTY TRANSACTIONS (Continued)

Mortgages and Notes Receivable (Continued)

It is NOAH's policy to fully reserve these mortgages and notes receivable that are only due upon available cash flow. There are no payments due in 2017 and 2016 based on 2016 and 2015 cash flows, respectively.

Property Management Services

NOAH performs property management services for NOAH's related rental property entities. 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>2016</u>	<u>2015</u>
Paz	\$ 139,648	\$ 139,646
Shalom	106,033	107,126
Siochain	44,245	44,245
Trinity House	32,495	32,496
Stevens Corner	22,103	-
Benfield	5,305	5,150
Paco	<u>1,205</u>	<u>-</u>
	<u>\$ 351,034</u>	<u>\$ 328,663</u>

Developer Fees

NOAH, as the sponsor and developer of various partnerships, is entitled to a developer fee and overhead reimbursement for services provided during the development of the partnerships' project. Total fees earned for the years ended December 31, 2016 and 2015, net of allowance of \$114,026 were as follows:

	<u>2016</u>	<u>2015</u>
Coppersmith (see Note 7)	\$ 504,676	\$ -
Shoe Shop	384,357	225,000
Paco	110,974	-
Sitkowksi	<u>-</u>	<u>925,368</u>
Net developer fees	1,000,007	1,150,368
Add - elimination for doubtful accounts	114,026	-
Less - elimination of developer fee profits	<u>(212,336)</u>	<u>-</u>
	<u>\$ 901,697</u>	<u>\$ 1,150,368</u>

Rental Fees

Peace charges NOAH rent for the usage of space. Total rent charged for the years ended December 31, 2016 and 2015, was \$96,204 and \$95,010, respectively.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. RELATED PARTY TRANSACTIONS (Continued)

Other Transactions

Balances between these entities as of December 31, 2016, were as follows:

	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Total</u>
NOAH receivable	\$ -	\$ 1,126,472	\$ 186,234	\$ 8,159,045	\$ 9,471,751
Peace Properties receivable	-	-	-	18,780	18,780
NOAH CDFI receivable	45,000	323,340	-	-	368,340
Stevens Corner LP receivable	-	65,410	-	-	65,410
Subtotal	<u>\$ 45,000</u>	<u>\$ 1,515,222</u>	<u>\$ 186,234</u>	<u>\$ 8,182,825</u>	9,924,281
Less - allowances for doubtful accounts					<u>7,519,795</u>
Total					<u>\$ 2,404,486</u>

Balances between these entities as of December 31, 2015, were as follows:

	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Total</u>
NOAH receivable	\$ -	\$ 334,044	\$ 186,234	\$ 5,724,816	\$ 6,245,094
Peace Properties receivable	-	-	-	18,780	18,780
NOAH CDFI receivable	45,000	150,049	-	-	195,049
Stevens Corner LP receivable	-	65,410	-	-	65,410
Subtotal	<u>\$ 45,000</u>	<u>\$ 549,503</u>	<u>\$ 186,234</u>	<u>\$ 5,743,596</u>	6,524,333
Less - allowances for doubtful accounts					<u>5,296,274</u>
Total					<u>\$ 1,228,059</u>

3. CERTIFICATE OF DEPOSIT

NOAH has a six-month certificate of deposit (CD) that originally matured on September 18, 2016, and accrues interest at 0.35% per annum. The fair value of the CD, which approximates the cost basis, was \$114,999 and \$114,654 as of December 31, 2016 and 2015, respectively. This CD is collateral for the NeighborWorks Salt Lake (NWSL) 2012 AHMI Fund, LLC note payable (see Note 9) and management intends to continue to renew the CD through the earliest of either the full payment of the note payable, or the maturity date of February 1, 2019. Accordingly, this CD is reflected as a non-current asset in the accompanying combined statements of financial position.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

4. RESTRICTED DEPOSITS

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

Operating:	<u>2016</u>	<u>2015</u>
NOAH, Inc.:		
Loan loss reserve	\$ 25,000	\$ 25,000
Restricted cash - current development projects	<u>1,870</u>	<u>258,603</u>
Sub-total NOAH, Inc.	26,870	283,603
NOAH CDFI:		
Revolving loan fund capital	<u>311,825</u>	<u>484,546</u>
Total Operating	<u>338,695</u>	<u>768,149</u>
Rental Programs:		
Shalom Properties, Inc.:		
Operating escrows	37,119	25,655
Tenant security deposit	29,458	27,610
Replacement reserve	<u>143,181</u>	<u>162,359</u>
Sub-total Shalom Properties, Inc.	<u>209,758</u>	<u>215,624</u>
Paz Properties, Inc.:		
Operating escrows	46,699	45,324
Tenant security deposit	32,879	32,679
Replacement reserve	<u>324,708</u>	<u>311,050</u>
Sub-total Paz Properties, Inc.	<u>404,286</u>	<u>389,053</u>
Trinity House LLC:		
Operating reserve	109,778	103,517
Tenant security deposit	9,330	8,682
Replacement reserve	<u>53,298</u>	<u>47,809</u>
Sub-total Trinity House LLC	<u>172,406</u>	<u>160,008</u>
Siochain Properties LP:		
Operating reserve	23,574	23,574
Tenant security deposit	11,975	12,466
Replacement reserve	<u>14,204</u>	<u>10,602</u>
Sub-total Siochain Properties LP	<u>49,755</u>	<u>46,642</u>
Stevens Corner LP:		
Operating reserve	172,498	171,708
Operating escrows	20,600	21,462
Tenant security deposit	20,499	21,000
Replacement reserves	<u>41,219</u>	<u>27,794</u>
Sub-total Stevens Corner LP	<u>254,817</u>	<u>241,964</u>
Benfield Farms LP:		
Operating/special reserves	87,472	274,764
Operating escrows	213,253	30,778
Tenant security deposit	26,592	26,293
Replacement reserve	<u>15,682</u>	<u>6,070</u>
Sub-total Benfield Farms LP	<u>342,999</u>	<u>337,905</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

4. RESTRICTED DEPOSITS (Continued)

Rental Programs: (Continued)	<u>2016</u>	<u>2015</u>
Sitkowski LP:		
Operating reserve	105,576	107,137
Operating escrows	44,662	11,708
Tenant security deposit	30,823	31,631
Replacement reserve	<u>59,539</u>	<u>6,000</u>
Sub-total Sitkowski LP	<u>240,600</u>	<u>156,746</u>
Paco Properties LLC:		
Operating reserve	26,700	-
Tenant security deposit	<u>3,200</u>	<u>-</u>
Sub-total Paco Properties LLC	<u>29,900</u>	<u>-</u>
Shoe Shop LP:		
Tenant security deposit	<u>11,520</u>	<u>-</u>
Total Rental Programs	<u>1,716,041</u>	<u>1,547,672</u>
Total restricted deposits	2,054,736	2,315,821
Less - current portion	<u>646,222</u>	<u>751,751</u>
Non-current portion	<u>\$ 1,408,514</u>	<u>\$ 1,564,070</u>

Operating escrows and other escrows with short-term purposes are classified as current in the accompanying combined statements of financial position. Replacement reserves, operating reserves and other reserves, and a portion of restricted loan funds are classified as non-current in the accompanying combined statements of financial position.

5. 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. Projects under development as of December 31, 2016 and 2015, consist of:

	<u>2016</u>	<u>2015</u>
Coppersmith Village Project	\$ 5,635,273	\$ 2,760,229
Other	178,907	131,941
Shoe Shop Place (see Note 2)	<u>-</u>	<u>4,972,871</u>
Total projects under development	<u>\$ 5,814,180</u>	<u>\$ 7,865,041</u>

Coppersmith Village – East Boston, MA

The Coppersmith Village project is a 56,000 square foot site located at 75 - 109 Border Street, East Boston, Massachusetts. Peace Properties originally purchased the site for \$1,625,000 in May 2014. The Project consists of two parts: 1) a mix of 56 market rate and affordable rental units and a ground floor retail space (Coppersmith Rental Project) and 2) 15 for-sale condominium units (the Condo Project). The Coppersmith Rental Project is owned and will be operated by Coppersmith (see Note 2). The Condo Project is owned by Peace Properties. The construction budget for the entire project is approximately \$37,500,000.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

5. 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 Haverhill, Taunton, Randolph and Grafton, MA.

Shoe Shop

Shoe Shop was completed and placed in service on June 30, 2016, upon its certificate of occupancy.

Subsequent to December 31, 2016, NOAH received several finance commitments for the projects under development (see Note 12).

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2016:

	<u>Operating</u>	<u>Rental Programs</u>	<u>Total</u>
Buildings and improvements	\$ 2,159,200	\$ 61,320,146	\$ 63,479,346
Land and improvements	604,946	763,422	1,368,368
Office furniture, fixtures and equipment	196,997	539,864	736,861
Rental furniture and equipment	23,331	-	23,331
Leasehold improvements	<u>18,598</u>	<u>-</u>	<u>18,598</u>
	3,003,072	62,623,432	65,626,504
Less - accumulated depreciation	917,030	7,904,048	8,821,078
Less - elimination	<u>-</u>	<u>-</u>	<u>363,633</u>
	<u>\$ 2,086,042</u>	<u>\$ 54,719,384</u>	<u>\$ 56,441,793</u>

Property and equipment consist of the following at December 31, 2015:

	<u>Operating</u>	<u>Rental Programs</u>	<u>Total</u>
Buildings and improvements	\$ 2,159,200	\$ 49,779,864	\$ 51,939,064
Land and improvements	603,947	743,422	1,347,369
Office furniture, fixtures and equipment	196,997	235,910	432,907
Rental furniture and equipment	23,331	-	23,331
Leasehold improvements	<u>18,598</u>	<u>-</u>	<u>18,598</u>
	3,002,073	50,759,196	53,761,269
Less - accumulated depreciation	844,380	6,476,646	7,321,026
Less - elimination	<u>-</u>	<u>-</u>	<u>160,955</u>
	<u>\$ 2,157,693</u>	<u>\$ 44,282,550</u>	<u>\$ 46,279,288</u>

There are restrictions imposed by lenders on the use and sale of certain land, buildings and building improvements (see Notes 5 and 6).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

7. CAPITALIZED COSTS

Capitalized costs as of December 31, 2016 and 2015, consist of:

	<u>2016</u>	<u>2015</u>
Total costs incurred	\$ 141,252	\$ 112,476
Less - accumulated amortization	<u>36,558</u>	<u>25,625</u>
Net capitalized costs	<u>\$ 104,694</u>	<u>\$ 86,851</u>

Amortization expense for the years ended December 31, 2016 and 2015, was \$10,933 and \$5,746, respectively. Amortization expense for the next five years is expected to be approximately \$11,000.

8. LOANS RECEIVABLE

NOAH CDFI has outstanding loans receivable from local residents for purchase and/or rehabilitation of low to moderate-income housing of \$248,699 and \$253,238, respectively, less an allowance for doubtful accounts of \$149,450 as of December 31, 2016 and 2015. In addition, NOAH CDFI has a loan outstanding for \$279,772 and \$106,481 as of December 31, 2016 and 2015, respectively, from Peace Properties. These amounts are included in contracts, loans and other receivables in the accompanying combined financial statements. 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. Loans receivable are included in contracts, loans, and other receivables in the accompanying combined statements of financial position.

Loans receivable, net of allowances for doubtful accounts as of December 31, 2016:

<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NW (see Note 1)	5	\$ 248,698	\$ 149,450	\$ 99,248
Other - inter-company	<u>1</u>	<u>279,772</u>	<u>-</u>	<u>279,772</u>
Subtotal	<u>6</u>	<u>\$ 528,470</u>	<u>\$ 149,450</u>	379,020
Less - elimination				<u>279,772</u>
Total				<u>\$ 99,248</u>

Loans receivable, net of allowances for doubtful accounts as of December 31, 2015:

<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NW (see Note 1)	5	\$ 253,238	\$ 149,450	\$ 103,788
Other - inter-company	<u>1</u>	<u>106,481</u>	<u>-</u>	<u>106,481</u>
Subtotal	<u>6</u>	<u>\$ 359,719</u>	<u>\$ 149,450</u>	210,269
Less - elimination				<u>106,481</u>
Total				<u>\$ 103,788</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

8. LOANS RECEIVABLE (Continued)

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

2017	\$ 120,255
2018	\$ 4,159
2019	\$ 4,367
2020	\$ 4,585
2021	\$ 177,792

9. MORTGAGE AND NOTES PAYABLE

Mortgage and notes payable consist of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Operating (see page 30)	\$ 2,285,281	\$ 4,555,021
Rental Programs (see page 34)	<u>19,890,119</u>	<u>21,251,244</u>
Total mortgage and notes payable	22,175,400	25,806,265
Less - unamortized debt issuance costs	250,551	267,485
Less - current portion	697,927	153,834
Less - eliminations	<u>1,382,379</u>	<u>1,382,379</u>
	<u>\$ 19,844,543</u>	<u>\$ 24,002,567</u>

Interest - amortization is expected to be approximately \$17,000 for the next five years.

10. CONTINGENT LOANS AND ADVANCES

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 the Board of Directors and 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:

	<u>2016</u>	<u>2015</u>
Rental Programs (see page 42) contingent loans and advances	\$ 22,826,473	\$ 16,669,792
Less - eliminations	<u>4,846,832</u>	<u>2,700,000</u>
	<u>\$ 17,979,641</u>	<u>\$ 13,969,792</u>

11. GROUND LEASE

Peace Properties has a ground lease agreement with the purchasers of the condominium units which expires in July 2105, with an option to extend the original term of the lease for one additional period of ninety-nine years (see Note 2). Monthly ground lease rent is \$1,329, which will be collected by Peace Properties from the purchasers of the condominium units. Monthly ground lease rent is calculated to equal 105% of the monthly payments of principal and interest necessary to amortize the Local Initiatives Support Corporation (LISC) loan (see Note 9) over the term of the loan. Upon paying the LISC loan in full, Peace Properties will continue to collect ground lease rent until the \$70,000 of NW funds borrowed from NOAH is repaid.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

12. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

As discussed in Notes 1 and 2, 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.

Additionally, a foundation has awarded NOAH a \$660,000 grant for the climate change initiative, of which cumulatively \$440,000 and \$220,000 was received as of December 31, 2016 and 2015, respectively. This grant is reported as a temporarily restricted addition and release in the accompanying combined statements of activities. The final installment of \$220,000 of this grant is conditional upon obtaining certain benchmarks and reporting requirements as outlined in the agreement. As such, the remaining balance of the grant is not reflected in the accompanying combined financial statements as of December 31, 2016.

In addition, NOAH, as project sponsor, in some cases, has agreed to advance funds to the LPs and LLCs as a guarantor of these 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 2).

NOAH has been notified of the following financing commitments for Coppersmith Village through May 23, 2017:

- \$5,278,205 of Mass Development Bonds for permanent financing through East Boston Savings Bank
- \$7,605,476 in LIHTC from MHEF XXII (Fund of MHIC)
- \$550,000 from DHCD through the HOME program
- \$1,562,000 from DHCD through the HSF program
- \$187,000 from DHCD through the CATNHP program
- \$300,000 from DHCD through the FCF-DMH program
- \$2,707,500 from NOAH from STATE LIHTC proceeds
- \$883,369 from NOAH through a seller note

NOAH was also notified it will receive an additional \$150,000 in CITC in 2017.

13. LEASES

NOAH sub-leases a commercial unit to a tenant under an operating lease agreement with a five year term ending in 2017. Future minimum payments to be received in 2017 will be \$42,739.

Lease agreements between related parties are eliminated in the accompanying operating programs combining statements of activities.

14. CONCENTRATION OF CREDIT

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 and cash equivalents.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2016 and 2015

15. 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.

16. RECLASSIFICATIONS

Certain amounts in the December 31, 2015 combined financial statements have been reclassified to conform with the December 31, 2016 presentation.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

9. MORTGAGE AND NOTES PAYABLE (Continued)

Mortgage and notes payable consist of the following as of December 31:

Operating	Lender	Interest Rate	Security	Payment Terms	2016	2015
					Outstanding Principal	Outstanding Principal
NOAH, Inc.						
	NWSL 2012 AHMI Fund, LLC	5.25%	Certificate of Deposit (see Note 3)	Interest is due quarterly through February 1, 2019, at which time the entire principal balance and accrued and unpaid interest are due and payable in full. Interest expense for the years ended December 31, 2016 and 2015, was \$26,687 and \$26,615, respectively.	\$ 500,000	\$ 500,000
	LISC	5.00%	Unsecured	Principal and interest are due monthly commencing in June 2014 through maturity date of June 1, 2022. Interest expense for the years ended December 31, 2016 and 2015, was \$5,918 and \$6,742 respectively.	108,929	125,732
	Sub-total NOAH, Inc.				608,929	625,732
Peace Properties, Inc.						
	Cambridge Savings Bank	4.75%	First mortgage on the 143 Border Street building, plus an assignment of rents and leases	Payments of principal and interest of \$4,303 are due monthly based on a thirty-year amortization schedule. Interest expense was \$37,342 and \$37,912 for the years ended December 31, 2016 and 2015, respectively.	765,450	779,750
	Community Housing Capital, Inc.	5.50%	Mortgage on the Coppersmith Village Project, plus an assignment of rents and leases	Outstanding principal and interest will be due at the earliest of either the date of construction closing, or May 22, 2018, the maturity date, or an earlier date on which the note becomes due and payable by acceleration or otherwise. Capitalized interest at December 31, 2016 and 2015, was \$90,718 and \$90,616, respectively.	343,310	1,625,000
	NeighborWorks Capital Corporation (NCC)	5.50%	Pledge in developer fees from the Sitkowski School Project	Interest is due quarterly through June 30, 2018, at which time the entire principal balance and accrued and unpaid interest are due and payable in full. This note has maximum borrowings up to \$1,200,000. NOAH also fully guarantees the note. Capitalized interest at December 31, 2016 and 2015, was \$67,100 and \$59,021, respectively.	253,521	1,200,000

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

9. MORTGAGE AND NOTES PAYABLE (Continued)

Operating (Continued)	Lender	Interest Rate	Security	Payment Terms	2016	2015
					Outstanding	Principal
<i>Peace Properties, Inc. (Continued)</i>						
City of Boston		4.00%	Third mortgage on the 143 Border Street building	Interest-only payments are due in monthly installments through March 1, 2016, based on available cash flow. Thereafter, principal and interest are due in monthly installments through maturity. All outstanding principal and accrued and unpaid interest are due on March 1, 2024. No interest payment was due and payable in 2016 and 2015.	200,000	200,000
LISC		4.00%	Ground lease (see Note 2)	Principal and interest are due in monthly installments of \$1,266, with principal due no later than the maturity date of September 2025. Interest expense was \$4,712 and \$5,126 for the years ended December 31, 2016 and 2015, respectively.	112,055	122,524
Sub-total Peace Properties, Inc.					1,676,352	3,929,289
Sub-total operating					2,285,281	4,555,021
Rental Programs						
<i>Shalom Properties, Inc.</i>						
Massachusetts Housing Partnership (MHP)		3.83%	Mortgage on the properties	Due in monthly installments of \$4,606 based on a thirty-year amortization schedule. This note is due and payable on July 24, 2019. This note has an additional five-year option through July 2024. Interest expense was \$36,480 and \$37,185 for the years ended December 31, 2016 and 2015, respectively.	942,257	961,056
CCO Mortgage, a division of RBS Citizens		5.375%	Mortgage on properties	Due in monthly installments of principal and interest of \$2,772 through December 1, 2033. Interest expense was \$20,268 and \$20,949 for the years ended December 31, 2016 and 2015, respectively.	370,142	383,412
MHP		0%	Mortgage on properties	All outstanding amounts are due on October 5, 2024.	245,339	245,339
City of Boston		0%	Mortgage on properties	All outstanding amounts are due on October 5, 2024.	245,339	245,339
Sub-total Shalom Properties, Inc.					1,803,077	1,835,146

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

9. MORTGAGE AND NOTES PAYABLE (Continued)

Rental Programs (Continued)	Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	
					2016	2015
<i>Paz Properties, Inc.</i>						
	City of Boston	5.00%	Mortgage on property	Principal and interest are due in annual installments equal to the lesser of 100% of certain cash flow achieved as defined in the note agreement or the amount due or payable based upon amortization of this note on a fifteen-year direct reduction basis, plus any amount that may be due and unpaid from a prior year. Management is in negotiation for an extension or a refinance of the note's terms. As such, it is presented as a long-term liability in the accompanying combined financial statements. There was no interest expense in 2016 or 2015.	727,245	727,245
	MHP	4.80%	Shared first mortgage on properties	Principal and interest are due in monthly installments of \$2,913 through maturity on July 24, 2019. Interest expense for the years ended December 31, 2016 and 2015, was \$26,434 and \$32,004, respectively.	546,048	554,575
	MHP	6.27%	Shared first mortgage on properties	Principal and interest are due in monthly installments of \$2,328 based on a thirty-year amortization schedule through maturity on October 3, 2021. Interest expense for the years ended December 31, 2016 and 2015, was \$19,161 and \$19,874, respectively.	299,164	310,926
	Sub-total Paz Properties, Inc.				1,572,457	1,592,746
<i>Siochain Properties LP</i>						
	Boston Community Loan Fund (BCLF)	7.00%	First mortgage on real estate	Monthly installments of principal and interest are based on a twenty-five-year amortization of the original note balance, with principal and interest due in monthly installments of \$1,634 through July 2022, at which time a balloon payment of \$102,143 is due in full. Interest expense was \$11,579 and \$12,096 for the years ended December 31, 2016 and 2015, respectively.	158,320	166,354

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

9. MORTGAGE AND NOTES PAYABLE (Continued)

Rental Programs (Continued)	Lender	Interest Rate	Security	Payment Terms	2016	2015
					Outstanding Principal	Outstanding Principal
<i>Stochain Properties LP (Continued)</i>						
LISC		3.50%	Second mortgage on real estate	Monthly installments of principal and interest are based on a twenty-year amortization of the original note balance, and is payable in the amount of \$938 each month through July 2022. Interest expense was \$2,194 and \$2,504 for the years ended December 31, 2016 and 2015, respectively.	56,740	65,805
Sub-total Stochain Properties LP					215,060	232,159
<i>Stevens Corner LP</i>						
MHP		7.04%	First mortgage on the property and an assignment of leases and rents and reserves	Due in monthly principal and interest installments of \$9,479 through maturity, August 2032, at which time a balloon payment is due. Interest expense was \$95,777 and \$96,995 for the years ended December 31, 2016 and 2015, respectively.	1,350,626	1,368,595
<i>Sitkowski LP</i>						
NOAH		5.00%	Third mortgage on the property	Principal and interest are due and payable solely to the extent of available cash flow as set forth in the operating agreement. The note may be prepaid in whole or in part at any time without penalty. Deferred interest payable on this note was \$51,685 and \$51,426 as of December 31, 2016 and 2015, respectively. There was a payment of \$25,300 of interest due in 2015 based on 2014 cash flow, however, due to insufficient cash flow in 2015, this amount was paid in 2016. There is a payment of \$29,922 of interest due in 2017 based on 2016 cash flow.	511,179	511,179
Sub-total Stevens Corner LP					1,861,805	1,879,774
<i>MassHousing</i>						
		5.00%	First mortgage on the property	The note is due in monthly principal and interest installments of \$9,168, amortized over a thirty-year period. The note matures on July 1, 2056. Interest expense on this note totaled \$36,896 as of December 31, 2016.	1,744,218	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

9. MORTGAGE AND NOTES PAYABLE (Continued)

Rental Programs (Continued)	Lender	Interest Rate	Security	Payment Terms	2016 Outstanding Principal	2015 Outstanding Principal
Sirkowski LP (Continued)						
MassHousing		1.50%	First lien on the property	This note was paid in full in 2016 with the proceeds from capital contributions and a permanent loan of \$1,750,000 from MassHousing and other development sources of funds. Interest expense for the years ended December 31, 2016 and 2015, was \$67,849 and \$2,159, respectively.		9,850,000
	Sub-total Sirkowski LP				1,744,218	9,850,000
Benfield Farms LP						
MHP		4.32%	First mortgage on the property, the reserve accounts and an assignment of leases and rents	Principal and interest are due in monthly installments of \$7,193 based on a thirty-year amortization schedule. There is a balloon payment of \$759,110 due at maturity. Interest expense was \$61,372 and \$50,428 for the years ended December 31, 2016 and 2015, respectively.	1,409,167	1,434,018
	NOAH	0.01%	Second mortgage on the property	Principal and interest are due and payable solely to the extent of available cash flow as set forth in the operating agreement. The note may be prepaid in whole or in part at any time without penalty. There are no payments due in 2016 based on 2015 cash flow. Accrued interest as of December 31, 2016 and 2015, was \$160 and \$73, respectively.	871,200	871,200
	Sub-total Benfield Farms LP				2,280,367	2,305,218
Paco Properties LLC						
	Community Housing Capital, Inc.	5.95%	First mortgage on the properties - 310 Saratoga Street, 72 Gladstone Street, and 192 Brooks Street	Revolving secured line of credit payable up to \$2,500,000, bearing interest at 5.95%. Interest-only payments are due monthly. The line of credit is due and payable on August 26, 2019. Interest expense was \$14,108 for the year ended December 31, 2016.	1,686,488	

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

9. MORTGAGE AND NOTES PAYABLE (Continued)

Rental Programs (Continued)	Lender	Interest Rate	Security	Payment Terms	2016	2015
					Outstanding	Principal
<i>Shoe Shop LP</i>						
	Bank of America (BOA)	London Interbank Offered Rate (LIBOR), plus 2.25% daily floating	First mortgage on the property and an assignment of partnership interest	Construction note payable to BOA up to \$7,200,000, bearing interest at the floating LIBOR Daily rate plus 2.25% (3.02% at December 31, 2016). Interest-only payments are due and payable monthly in arrears through the earlier of assigning the note to Massachusetts Housing Partnership (MHP) or April 17, 2017. Management expects to pay down a portion of the construction note with the proceeds from capital contributions to MHP at the closing of permanent financing. After assignment, the note bears interest at 5.51% and matures on April 9, 2037. Monthly payments of principal and interest are due in arrears based on a thirty-year amortization schedule. This note is secured by a first mortgage on the Project.	5,719,379	3,556,201
<i>Coppersmith Village LP</i>						
	East Boston Savings Bank	2.50%	First mortgage on the Coppersmith Village Project	Bridge loan for up to \$5,944,000. Interest will accrue at the earlier of the completion of the Coppersmith Village Project or June 15, 2018. Payments are due annually based on cash flow, as outlined in the agreement. All interest and principal are due at maturity on June 15, 2048.	2,542,057	-
	Mass Development Finance Agency (MDFA)	2.45%	First mortgage on the Coppersmith Village Project	Bond financing in two series (A and B) for a total of \$13,400,000. The bonds bear interest at 70% of the Wall Street Journal's prime rate for the first twenty-four months. After refinance, the bonds will bear interest at 3.99% through maturity. Series A matures on December 15, 2018. Series B matures on December 15, 2036.	465,211	-
	Sub-total Coppersmith Village LP				3,007,268	-
	Sub-total rental programs				19,890,119	21,251,244
	Total mortgage and notes payable				\$ 22,175,400	\$ 25,806,265

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

9. MORTGAGE AND NOTES PAYABLE (Continued)

Maturities of mortgage and notes payable over the next five years are as follows:

2017	\$	697,927
2018	\$	3,040,946
2019	\$	3,842,572
2020	\$	236,768
2021	\$	476,416

The mortgage and notes payable agreements contain various covenants with which NOAH and Affiliates must comply. NOAH and Affiliates were in compliance with these covenants at December 31, 2016 and 2015.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Syndicated Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Rental Programs							
<i>Shalom Properties, Inc.</i>							
City of Boston	5.00%	Mortgage on the property	Note payable for improvements at 440 Meridian Street, due in December 2022.	\$ 164,000	\$ -	\$ 164,000	\$ -
City of Boston	0.00%	Mortgage on the property	Four notes payable maturing at various dates during 2018, and are due and payable on sale or transfer of property, if conditions are met for a period of five years, the entire amounts will be forgiven.	33,325	-	33,325	-
				197,325	-	197,325	-
<i>Pez Properties, Inc.</i>							
City of Boston	1.00%	The 49-55 Putnam Street	Annual payments of principal and interest are due within ninety days of the close of the fiscal year-end and equal amounts set forth in the note agreement. This note matures on August 10, 2070.	438,637	-	438,637	-
City of Boston	1.00%	Second mortgage on 108-110 White Street and an assignment of rents and leases	Annual payments of principal and interest are due within ninety days of the close of the fiscal year-end as set forth in the note agreement based on cash flows. There were no amounts due as of December 31, 2016 and 2015. This note matures on August 10, 2070.	343,339	-	343,339	-
City of Boston	1.00%	Second mortgage on 449-451 Saratoga Street and an assignment of rents and leases	Annual payments of principal and interest are due within ninety days of the close of the fiscal year-end and equal amounts set forth in the note agreement. Payments are due based on cash flows, as outlined in the agreement. There were no amounts due as of December 31, 2016 and 2015.	329,895	-	329,895	-
MHP	0.00%	Second mortgages on 115 and 109 Everett Street and 376 Summer Street	All outstanding amounts are due on October 3, 2031.	561,316	-	561,316	-
MHP	0.00%	Second mortgage on 115 Everett Street	All outstanding amounts are due on October 3, 2031.	452,369	-	452,369	-
MHP	0.00%	Second mortgage on 115 Everett Street	All outstanding amounts are due on October 3, 2031.	400,000	-	400,000	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Syndicated Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
<i>Pez Properties, Inc. (Continued)</i>							
City of Boston	0.00%		All outstanding amounts are due on August 21, 2017, or upon sale or transfer of the property. If certain conditions are met for a period of five years, the entire amount will be forgiven.	13,951	-	13,951	13,951
Sub-total Paz Properties, Inc.				2,539,507	-	2,539,507	2,539,507
<i>Trinity House LLC</i>							
City of Boston	1.00%	First mortgage on 406 Meridian Street and an assignment of leases and rents	Principal and interest are due on May 19, 2030, or upon acceleration of the note under specified conditions.	862,094	81,488	943,582	932,884
City of Boston	1.00%	Second mortgage on 406 Meridian Street and an assignment of leases	Interest only is due annually on each of the anniversary dates of the note based on net available cash flows through August 2022. The City of Boston has deferred payments due on the note until maturity. Principal and accrued and unpaid interest are due on the earlier of August 6, 2022, or if the property fails to continue to provide affordable housing to low and moderate-income families.	418,170	102,108	520,278	516,091
Sub-total Trinity House LLC				1,280,264	183,591	1,463,855	1,448,975
<i>Stochain Properties LP</i>							
Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD)	5.58%	Investment in real estate	Principal and all accrued interest are due in full in March 2031.	380,000	492,271	872,271	825,915
City of Boston, Public Facilities Department	7.60%	Investment in real estate	Payments are due annually beginning on October 1, 2003, in an amount equal to 50% of Stochain's cash flow. No amounts are due as of December 31, 2016 and 2015. Principal and all accrued interest are due in full in October 2030.	380,000	854,175	1,234,175	1,146,930
Sub-total Stochain Properties LP				760,000	1,346,446	2,106,446	1,972,745
<i>Stevens Corner LP</i>							
Town of North Andover	3.00%	Shared second mortgage on the property	Accrued interest and principal are due on August 14, 2041. Stevens Corner has the option to extend the maturity date of the note for up to an additional forty years provided Stevens Corner continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	1,338,580	238,616	1,577,196	1,537,039

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Syndicated Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
<i>Stevens Corner LP (Continued)</i>							
DHCD under the Affordable Housing Trust Fund Statute (AHTF)	0.00%	Shared second mortgage on the property	This note is due on August 14, 2041. Stevens Corner has the option to extend the maturity date of the note for up to an additional forty years provided Stevens Corner continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	985,000	-	985,000	985,000
DHCD under the Housing Stabilization Fund Statute (HSF)	3.00%	Shared second mortgage on the property	This note is due on August 14, 2061. Stevens Corner has the option to extend the maturity date of the note for up to an additional forty years provided Stevens Corner continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	668,772	128,377	668,772	777,085
CEDAC under the Community-Based Housing Fund Program (CBH)	0.00%	Shared second mortgage on the property	certain levels of cash flows being attained as defined in the agreement or fully at August 14, 2041. Stevens Corner has the option to extend the maturity date of the note for an additional ten years provided Stevens Corner continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement. There is no payment due as of December 31, 2016 and 2015, based on 2016 and 2015 cash flows, respectively.	352,138	-	352,138	352,138
North Shore HOME Consortium	3.00%	Shared second mortgage on the property	Accrued interest and principal are due on August 14, 2041. Stevens Corner has the option to extend the maturity date of the note for up to an additional forty years provided Stevens Corner continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	175,000	32,780	175,000	207,780
Town of Andover through the North Shore Home Consortium	3.00%	Shared second mortgage on the property	Accrued interest and principal are due on August 14, 2041. Stevens Corner has the option to extend the maturity date of the note for up to an additional forty years provided Stevens Corner continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	75,000	12,234	75,000	87,234
Sub-total Stevens Corner LP				3,594,490	412,007	3,594,490	3,938,776

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Syndicated Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
<i>Benfield Farms LP</i>							
DHCD - AHTE	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2044. Benfield has the option to extend the maturity date of the note for up to an additional thirty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	850,000	-	850,000	850,000
DHCH - HSF	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2064. Benfield has the option to extend the maturity date of the note for up to an additional fifty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	550,000	-	550,000	550,000
DHCD - HOME	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2044. Benfield has the option to extend the maturity date of the note for up to an additional thirty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	550,000	-	550,000	550,000
Town of Carlele Affordable Housing Trust	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2044. Benfield has the option to extend the maturity date of the note for up to an additional thirty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	425,000	-	425,000	425,000
Sub-total Benfield Farms LP				2,375,000	-	2,375,000	2,375,000
<i>Sikowski LP</i>							
NOAH	3.32%	Second mortgage on the property	This note requires annual payments solely from net cash flow, with principal and any accrued or unpaid interest due on December 30, 2053. Interest expense was \$89,645 and \$244 for the years ended December 31, 2016 and 2015, respectively.	2,700,000	89,889	2,700,000	2,700,244
NOAH	3.32%	Second mortgage on the property	This note requires annual payments solely from net cash flow, with principal and any accrued or unpaid interest due on December 30, 2053. Interest expense was \$39,704 for the year ended December 31, 2016.	2,047,000	39,704	2,086,704	-
MassHousing	2.00%	Third mortgage on the property	The entire outstanding principal balance and any accrued interest are due at maturity in December 2055. Interest expense was \$24,862 and \$204 for the years ended December 31, 2016 and 2015, respectively.	1,645,484	25,005	1,670,440	408,410

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Syndicated Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
<i>Sitkowski LP (Continued)</i>							
DHCD - AHTF	1.00%	Shared second mortgage on the property and an assignment of leases and rents	The entire outstanding principal and any accrued interest are due at maturity on February 28, 2044. Sitkowski has the option to extend the maturity date of the note for a period up to the original term in order to maintain the affordability of the property. Interest expense was \$10,522 and \$19,589 for the years ended December 31, 2016 and 2015, respectively.	1,000,000	30,111	1,030,111	19,589
DHCD - HSF	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on February 28, 2064. Sitkowski has the option to extend the maturity date of the note for a period up to the original term in order to maintain the affordability of the property.	1,000,000	-	1,000,000	-
DHCD - HOME	2.00%	Shared second mortgage on the property and an assignment of leases and rents	The entire outstanding principal and any accrued interest are due at maturity on February 28, 2044. Sitkowski has the option to extend the maturity date of the note for a period up to the original term in order to maintain the affordability of the property. Interest expense was \$14,300 and \$22,510 for the years ended December 31, 2016 and 2015, respectively.	715,000	36,910	715,000	22,610
NOAH	0.00%		This note is due on December 31, 2053. The note was funded with proceeds from the Verizon easement settlement and requires annual payments solely from net cash flow. There is no payment due in 2017 based on 2016 cash flow.	99,832	-	99,832	-
Sub-total Sitkowski LP				9,207,266	221,620	9,428,886	42,647
<i>Paco Properties LLC</i>				5,823,206	-	5,823,206	5,865,853
City of Boston	0.00%	Second mortgage on 310 Saratoga Street and an assignment of rents and leases	Non-interest bearing note to the City of Boston. Annual payments of principal and interest are due within forty-five days of the close of the fiscal year-end and equal amounts of 50% of the amount by which gross receipts exceed gross expenditures set forth in the note agreement. Payments are due based on cash flows, as outlined in the agreement. The note matures on November 1, 2056. There were no amounts due as of December 31, 2015.	218,500	-	218,500	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Syndicated Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
<i>Paco Properties LLC (Continued)</i>							
City of Boston	0.00%	Second mortgage on 72 Gladstone Street and an assignment of rents and leases	Non-Interest bearing note to the City of Boston. Annual payments of principal and interest are due within forty-five days of the close of the fiscal year-end and equal amounts of 50% of the amount by which gross receipts exceed gross expenditures set forth in the note agreement. Payments are due based on cash flows, as outlined in the agreement. The note matures on November 30, 2066. There were no amounts due as of December 31, 2016.	205,650	-	205,650	-
City of Boston	0.00%	Second mortgage on 192 Brooks Street and an assignment of rents and leases	Non-Interest bearing note to the City of Boston. Annual payments of principal and interest are due within forty-five days of the close of the fiscal year-end and equal amounts of 50% of the amount by which gross receipts exceed gross expenditures set forth in the note agreement. Payments are due based on cash flows, as outlined in the agreement. The note matures on December 16, 2066. There were no amounts due as of December 31, 2016.	124,150	-	124,150	-
Sub-total Paco Properties LLC				548,300	-	548,300	-
<i>Shoe Shop LP</i>							
DHCD - AHTE	0.00%	Shared second mortgage on the property and an assignment of leases and rents	Non-Interest bearing note payable to DHCD - AHTE, due and payable on July 12, 2046. This note is secured by a shared second mortgage on the Project and an assignment of leases and rents. Shoe Shop has the option to extend the maturity date up to the original term of the note at the discretion of DHCD. The original amount of the note of \$615,577 is reduced by \$55,933 of cost savings on the Project.	720,465	-	720,465	-
Greater Attleboro/Taunton Consortium HOME Program	0.00%	Share second mortgage on the property	The note is due on July 12, 2046, provided the property complies with the affordable housing restrictions as set forth in the agreement. The note will be forgiven at maturity.	109,500	-	109,500	-
Sub-total Shoe Shop LP				829,965	-	829,965	-
				1,095,000	-	1,095,000	-
				829,965	-	829,965	-
				1,000,000	-	1,000,000	-
				100,000	-	100,000	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Syndicated Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
<i>Coppersmith Village LP</i>							
DHCD - AHTF	2.00%	Mortgage on Coppersmith Village Project	Annual payments of principal and interest are due within forty-five days of the close of the fiscal year-end and equal amounts of 50% of the amount by which gross receipts exceed gross expenditures set forth in the note agreement. The note matures on June 15, 2048. There is an option to extend for a period up to the original term. There were no amounts due as of December 31, 2015.	1,000,000	-	1,000,000	-
MHEF	0.00%	Mortgage on Coppersmith Village Project	Bridge loan that converts to a capital contribution upon the admission of the Investor Limited Partners.	494,356	-	494,356	-
				1,494,356	-	1,494,356	-
		Sub-total Coppersmith Village LP		\$ 22,826,473	\$ 2,163,664	\$ 24,990,137	\$ 1,768,389
		Total Rental Programs		\$ 16,669,792	\$ 18,438,181		

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Financial Position - Operating
December 31, 2016

Assets	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Current Assets:					
Cash - operating	\$ 2,565,137	\$ 22,297	\$ 152,824	\$ -	\$ 2,740,258
Cash - development	220,132	1,188,248	-	-	1,408,380
Current portion of restricted deposits	-	-	311,825	-	311,825
Current portion of contracts, loans and other receivables	1,004,891	1,343	120,255	(352,546)	773,943
Current portion of due from affiliates	575,165	-	-	(257,000)	318,165
Prepaid expenses and other	5,194	947	1,265	-	7,406
Total current assets	<u>4,370,519</u>	<u>1,212,835</u>	<u>586,169</u>	<u>(609,546)</u>	<u>5,559,977</u>
Certificate of Deposit	114,999	-	-	-	114,999
Restricted Deposits, net of current portion	26,870	-	-	-	26,870
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts of \$4,203,425	-	-	258,765	(172,978)	85,787
Due from Affiliates, net of current portion and allowance for doubtful accounts of \$1,092,849	348,476	-	88,568	(274,802)	162,242
Projects Under Development	-	1,164,890	-	-	1,164,890
Property and Equipment, net	18,628	2,067,414	-	-	2,086,042
Total assets	<u>\$ 4,879,492</u>	<u>\$ 4,445,139</u>	<u>\$ 933,502</u>	<u>\$ (1,057,326)</u>	<u>\$ 9,200,807</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of mortgages and notes payable	\$ 17,677	\$ 25,129	\$ -	\$ -	\$ 42,806
Accrued interest	11,303	7,696	-	-	18,999
Accounts payable and other liabilities	185,550	465,211	780	-	651,541
Current portion of due to affiliates	-	927,201	-	(609,546)	317,655
Total current liabilities	<u>214,530</u>	<u>1,425,237</u>	<u>780</u>	<u>(609,546)</u>	<u>1,031,001</u>
Long-Term Liabilities:					
Mortgages and notes payable, net of current portion	589,002	1,642,671	-	-	2,231,673
Due to affiliates, net of current portion	45,000	401,000	186,234	(566,824)	65,410
Construction payable	-	206,556	-	-	206,556
Total long-term liabilities	<u>634,002</u>	<u>2,250,227</u>	<u>186,234</u>	<u>(566,824)</u>	<u>2,503,639</u>
Total liabilities	<u>848,532</u>	<u>3,675,464</u>	<u>187,014</u>	<u>(1,176,370)</u>	<u>3,534,640</u>
Net Assets:					
Unrestricted:					
Operating	3,157,131	16,891	633,883	-	3,807,905
Development	58,798	-	-	-	58,798
Property and equipment	18,628	635,508	-	(380,030)	274,106
Total unrestricted	<u>3,234,557</u>	<u>652,399</u>	<u>633,883</u>	<u>(380,030)</u>	<u>4,140,809</u>
Temporarily restricted	751,403	-	-	-	751,403
Permanently restricted - NW capital funds	45,000	117,276	112,605	499,074	773,955
Total net assets	<u>4,030,960</u>	<u>769,675</u>	<u>746,488</u>	<u>119,044</u>	<u>5,666,167</u>
Total liabilities and net assets	<u>\$ 4,879,492</u>	<u>\$ 4,445,139</u>	<u>\$ 933,502</u>	<u>\$ (1,057,326)</u>	<u>\$ 9,200,807</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Financial Position - Operating
December 31, 2015

Assets	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Current Assets:					
Cash - operating	\$ 2,191,938	\$ 29,944	\$ 155,558	\$ -	\$ 2,377,440
Cash - development	184,088	327,191	-	-	511,279
Current portion of restricted deposits	-	-	484,546	-	484,546
Current portion of contracts, loans and other receivables	396,812	-	103,788	(215,000)	285,600
Current portion of due from affiliates	605,809	-	-	-	605,809
Prepaid expenses and other	5,252	900	1,265	-	7,417
Total current assets	<u>3,383,899</u>	<u>358,035</u>	<u>745,157</u>	<u>(215,000)</u>	<u>4,272,091</u>
Certificate of Deposit	114,654	-	-	-	114,654
Restricted Deposits, net of current portion	283,603	-	-	-	283,603
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts of \$877,224	-	-	106,481	(106,481)	-
Due from Affiliates, net of current portion and allowance for doubtful accounts of \$546,707	186,334	-	88,568	(274,802)	100
Projects Under Development	-	2,892,170	-	-	2,892,170
Property and Equipment, net	34,915	2,122,778	-	-	2,157,693
Total assets	<u>\$ 4,003,405</u>	<u>\$ 5,372,983</u>	<u>\$ 940,206</u>	<u>\$ (596,283)</u>	<u>\$ 9,720,311</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of mortgages and notes payable	\$ 16,817	\$ 25,322	\$ -	\$ -	\$ 42,139
Current portion of accrued interest	11,303	7,696	-	-	18,999
Accounts payable and other liabilities	175,183	44,527	5,000	-	224,710
Current portion of due to affiliates	-	215,000	-	(215,000)	-
Total current liabilities	<u>203,303</u>	<u>292,545</u>	<u>5,000</u>	<u>(215,000)</u>	<u>285,848</u>
Long-Term Liabilities:					
Mortgages and notes payable, net of current portion	605,665	3,894,209	-	-	4,499,874
Due to affiliates, net of current portion	45,000	323,217	186,234	(489,041)	65,410
Construction payable	-	44,102	-	-	44,102
Accrued interest, net of current portion	-	11,286	-	(11,286)	-
Total long-term liabilities	<u>650,665</u>	<u>4,272,814</u>	<u>186,234</u>	<u>(500,327)</u>	<u>4,609,386</u>
Total liabilities	<u>853,968</u>	<u>4,565,359</u>	<u>191,234</u>	<u>(715,327)</u>	<u>4,895,234</u>
Net Assets:					
Unrestricted:					
Operating	2,458,649	(13,683)	636,367	-	3,081,333
Development	101,197	6,697	-	-	107,894
Property and equipment	34,915	697,334	-	(380,030)	352,219
Total unrestricted	<u>2,594,761</u>	<u>690,348</u>	<u>636,367</u>	<u>(380,030)</u>	<u>3,541,446</u>
Temporarily restricted	554,676	-	-	-	554,676
Permanently restricted - NW capital funds	-	117,276	112,605	499,074	728,955
Total net assets	<u>3,149,437</u>	<u>807,624</u>	<u>748,972</u>	<u>119,044</u>	<u>4,825,077</u>
Total liabilities and net assets	<u>\$ 4,003,405</u>	<u>\$ 5,372,983</u>	<u>\$ 940,206</u>	<u>\$ (596,283)</u>	<u>\$ 9,720,311</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Activities - Operating
For the Year Ended December 31, 2016

	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Unrestricted Net Assets:					
Operating revenues:					
Rental income	\$ 42,741	\$ 112,156	\$ -	\$ (96,204)	\$ 58,693
Project management and developer fees, net	1,000,007	-	-	-	1,000,007
Contracts, grants and other fees	906,022	-	-	-	906,022
Interest income and other, net	239,389	7	3,439	(19,466)	223,369
Property management fees	364,486	-	-	-	364,486
Net assets released from purpose restrictions	692,940	-	-	-	692,940
Total operating revenues	3,245,585	112,163	3,439	(115,670)	3,245,517
Operating expenses:					
Central Administration	379,943	-	-	(14,003)	365,940
Senior Home Repair	175,281	-	-	(7,487)	167,794
Housing Counseling	142,124	-	-	(5,555)	136,569
Community Services	512,406	-	-	(26,027)	486,379
Homebuyer Services Program	464,440	-	-	(23,643)	440,797
Real Estate and Economic Development	612,124	94,748	-	(21,687)	685,185
Property Management	302,185	-	-	(17,268)	284,917
NOAH CDFI	-	-	5,923	-	5,923
Depreciation and amortization	17,286	55,364	-	-	72,650
Total operating expenses	2,605,789	150,112	5,923	(115,670)	2,646,154
Changes in unrestricted net assets from operations	639,796	(37,949)	(2,484)	-	599,363
Non-operating revenue (expenses):					
Proceeds from sale of tax credits	2,047,000	-	-	-	2,047,000
Provision against affiliate loans receivable	(2,047,000)	-	-	-	(2,047,000)
Total non-operating revenue (expenses)	-	-	-	-	-
Changes in unrestricted net assets	639,796	(37,949)	(2,484)	-	599,363
Temporarily Restricted Net Assets:					
Grants and contributions	889,667	-	-	-	889,667
Net assets released from purpose restrictions	(692,940)	-	-	-	(692,940)
Changes in temporarily restricted net assets	196,727	-	-	-	196,727
Permanently Restricted Net Assets:					
Grants and contributions	45,000	-	-	-	45,000
Changes in net assets	\$ 881,523	\$ (37,949)	\$ (2,484)	\$ -	\$ 841,090

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Activities - Operating
For the Year Ended December 31, 2015

	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Unrestricted Net Assets:					
Operating revenues:					
Rental income	\$ 38,200	\$ 110,613	\$ -	\$ (95,010)	\$ 53,803
Project management and developer fees, net	1,150,368	-	-	-	1,150,368
Contracts, grants and other fees, net	955,452	-	-	-	955,452
Interest income and other, net	9,577	8	6,260	-	15,845
Property management fees	341,023	-	-	-	341,023
Net assets released from purpose restrictions	714,615	-	-	-	714,615
Total operating revenues	3,209,235	110,621	6,260	(95,010)	3,231,106
Operating expenses:					
Central Administration	446,235	-	-	(10,125)	436,110
Senior Home Repair	180,056	-	-	(4,621)	175,435
Housing Counseling	90,236	-	-	(2,844)	87,392
Community Services	403,113	-	-	(13,659)	389,454
Homebuyer Services Program	653,496	-	-	(19,775)	633,721
Real Estate and Economic Development	423,023	98,617	-	(43,425)	478,215
Property Management	310,721	-	-	(12,156)	298,565
NOAH CDFI	-	-	11,021	-	11,021
Depreciation and amortization	18,060	56,571	-	-	74,631
Total operating expenses	2,524,940	155,188	11,021	(106,605)	2,584,544
Changes in unrestricted net assets from operations	684,295	(44,567)	(4,761)	11,595	646,562
Non-operating revenue (expenses):					
Proceeds from sale of tax credits	3,571,200	-	-	-	3,571,200
Provision against related party receivables	(50,000)	-	-	117,500	67,500
Provision against affiliate loans receivable	(3,571,200)	-	-	-	(3,571,200)
Total non-operating revenue (expenses)	(50,000)	-	-	117,500	67,500
Changes in unrestricted net assets	634,295	(44,567)	(4,761)	129,095	714,062
Temporarily Restricted Net Assets:					
Grants and contributions	760,764	-	-	-	760,764
Net assets released from purpose restrictions	(714,615)	-	-	-	(714,615)
Changes in temporarily restricted net assets	46,149	-	-	-	46,149
Permanently Restricted Net Assets:					
Grants and contributions	25,000	-	-	-	25,000
NW Fund investment released from restriction	(25,000)	-	-	-	(25,000)
Provision from valuation allowance on NW Fund investments	(59,444)	-	-	(117,500)	(176,944)
Changes in permanently restricted net assets	(59,444)	-	-	(117,500)	(176,944)
Changes in net assets	\$ 621,000	\$ (44,567)	\$ (4,761)	\$ 11,595	\$ 583,267

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statements of Changes in Net Assets - Operating
For the Years Ended December 31, 2016 and 2015

	<u>NOAH, Inc.</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Eliminations</u>	<u>Total</u>
Net Assets, December 31, 2014	\$ 2,528,437	\$ 852,191	\$ 753,733	\$ 107,449	\$ 4,241,810
Changes in net assets	<u>621,000</u>	<u>(44,567)</u>	<u>(4,761)</u>	<u>11,595</u>	<u>583,267</u>
Net Assets, December 31, 2015	3,149,437	807,624	748,972	119,044	4,825,077
Changes in net assets	<u>881,523</u>	<u>(37,949)</u>	<u>(2,484)</u>	<u>-</u>	<u>841,090</u>
Net Assets, December 31, 2016	<u>\$ 4,030,960</u>	<u>\$ 769,675</u>	<u>\$ 746,488</u>	<u>\$ 119,044</u>	<u>\$ 5,666,167</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Cash Flows - Operating
For the Year Ended December 31, 2016

	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Cash Flows from Operating Activities:					
Changes in net assets	\$ 881,523	\$ (37,949)	\$ (2,484)	\$ -	\$ 841,090
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	17,286	55,364	-	-	72,650
Bad debts	3,110	-	-	-	3,110
Interest - amortization expense	1,000	1,207	-	-	2,207
Changes in operating assets and liabilities:					
Restricted deposits	-	-	172,721	-	172,721
Contracts, loans and other receivables	(611,189)	(1,343)	(168,751)	204,043	(577,240)
Due from affiliates	(131,498)	-	-	257,000	125,502
Prepaid expenses and other	58	(47)	-	-	11
Accrued interest	-	(11,286)	-	11,286	-
Accounts payable and other liabilities	10,367	(44,527)	(4,220)	-	(38,380)
Net cash provided by (used in) operating activities	170,657	(38,581)	(2,734)	472,329	601,671
Cash Flows from Investing Activities:					
Net decrease in projects under development	-	1,889,734	-	-	1,889,734
Decrease in restricted deposits	256,733	-	-	-	256,733
Interest earned on certificate of deposit	(345)	-	-	-	(345)
Acquisition of property and equipment	(999)	-	-	-	(999)
Net cash provided by investing activities	255,389	1,889,734	-	-	2,145,123
Cash Flows from Financing Activities:					
Principal payments of mortgages and notes payable	(16,803)	(2,252,938)	-	-	(2,269,741)
Accounts payable and other liabilities due to affiliates	-	465,211	-	-	465,211
	-	789,984	-	(472,329)	317,655
Net cash used in financing activities	(16,803)	(997,743)	-	(472,329)	(1,486,875)
Net Change in Cash	409,243	853,410	(2,734)	-	1,259,919
Cash:					
Beginning of year	2,376,026	357,135	155,558	-	2,888,719
End of year	\$ 2,785,269	\$ 1,210,545	\$ 152,824	\$ -	\$ 4,148,638
Supplemental Disclosure of Cash Flow Information:					
Cash paid for interest	\$ 26,649	\$ 43,038	\$ -	\$ -	\$ 69,687
Projects under development and property and equipment financed with construction payable	\$ -	\$ 206,556	\$ -	\$ -	\$ 206,556

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Cash Flows - Operating
For the Year Ended December 31, 2015

	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Cash Flows from Operating Activities:					
Changes in net assets	\$ 621,000	\$ (44,567)	\$ (4,761)	\$ 11,595	\$ 583,267
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	18,060	56,571	-	-	74,631
Bad debts	3,110	-	-	-	3,110
Provision against related party receivables and valuation allowance on NW Fund investments	109,444	-	-	-	109,444
Changes in operating assets and liabilities:					
Restricted deposits	-	-	(293,669)	-	(293,669)
Contracts, loans and other receivables	(246,024)	-	346,160	(78,900)	21,236
Due from affiliates	400,997	-	-	(203,991)	197,006
Prepaid expenses and other	(1,450)	13	818	-	(619)
Accrued interest	6,709	18,982	-	(11,286)	14,405
Accounts payable and other liabilities	59,926	(38,312)	1,900	-	23,514
Net cash provided by (used in) operating activities	971,772	(7,313)	50,448	(282,582)	732,325
Cash Flows from Investing Activities:					
Net increase in projects under development	-	(902,696)	-	-	(902,696)
Decrease in restricted deposits	215,065	-	-	-	215,065
Interest earned on certificate of deposit	(359)	-	-	-	(359)
Cash transfer	-	(221,015)	-	-	(221,015)
Acquisition of property and equipment	(36,143)	-	-	-	(36,143)
Net cash provided by (used in) investing activities	178,563	(1,123,711)	-	-	(945,148)
Cash Flows from Financing Activities:					
Principal payments of mortgages and notes payable	(164,619)	(23,786)	-	-	(188,405)
Due to affiliates	-	(282,582)	-	282,582	-
Proceeds from mortgages and notes payable	-	1,448,280	-	-	1,448,280
Net cash provided by (used in) financing activities	(164,619)	1,141,912	-	282,582	1,259,875
Net Change in Cash	985,716	10,888	50,448	-	1,047,052
Cash:					
Beginning of year	1,390,310	345,247	105,110	-	1,841,667
End of year	\$ 2,376,026	\$ 357,135	\$ 155,558	\$ -	\$ 2,888,719
Supplemental Disclosure of Cash Flow Information:					
Cash paid for interest	\$ 21,425	\$ 44,069	\$ -	\$ -	\$ 65,494
Projects under development and property and equipment financed with construction payable	\$ -	\$ 44,102	\$ -	\$ -	\$ 44,102

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Financial Position - Rental Programs
December 31, 2015

Assets	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Stochain Properties LP	Paco Properties LLC	Stevens Corner LP	Bonfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total
Current Assets:											
Cash - operating	\$ 9,543	\$ 311,552	\$ 65,270	\$ 69,831	\$ 71,150	\$ 35,038	\$ 5,066	\$ 118,430	\$ 34,504	\$ -	\$ 720,384
Cash - development	-	-	-	-	-	-	-	236,635	895,160	171,384	1,303,179
Current portion of restricted deposits	66,577	51,439	9,330	11,975	3,200	41,100	63,771	75,485	11,520	-	334,397
Contracts, loans and other receivables	18,263	18,987	3,918	16,050	-	10,960	636	-	6,159	-	74,979
Due from affiliates	-	-	-	-	-	-	-	-	-	317,655	317,655
Prepaid expenses and other	27,549	32,042	5,851	1,560	2,045	7,151	3,285	53,291	4,010	-	135,794
Total current assets	121,932	414,020	84,379	99,416	76,395	94,249	72,758	483,841	951,353	489,039	2,887,382
Restricted Deposits, net of current portion	143,181	352,847	153,075	37,780	26,700	213,717	279,228	165,115	-	-	1,381,644
Capitalized Costs, net	-	-	-	-	-	15,672	22,046	39,159	27,817	-	104,694
Projects Under Development	-	-	-	-	-	-	-	-	-	4,649,290	4,649,290
Property and Equipment, net	2,089,345	2,878,777	1,084,345	1,507,222	2,313,635	8,257,806	8,720,708	18,619,435	9,148,110	-	54,719,384
Total assets	\$ 2,354,459	\$ 3,745,644	\$ 1,331,800	\$ 1,644,418	\$ 2,416,730	\$ 8,581,444	\$ 9,094,740	\$ 19,307,550	\$ 10,127,280	\$ 5,138,329	\$ 63,742,394
Liabilities and Net Assets											
Current Liabilities:											
Current portion of mortgages and notes payable	\$ 523,547	\$ 21,466	\$ -	\$ 18,105	\$ -	\$ 19,275	\$ 25,946	\$ 14,437	\$ 32,345	\$ -	\$ 655,121
Current portion of accrued interest	-	-	-	-	6,064	29,922	-	-	13,594	9,783	59,363
Accounts payable and other liabilities	54,449	49,333	32,460	19,329	27,029	38,585	110,018	62,680	66,430	-	460,314
Current portion of developer fee payable	-	-	-	-	-	-	-	-	-	504,676	504,676
Current portion of due to affiliates	-	-	-	-	38,705	22,103	9,500	-	5,000	-	75,308
Total current liabilities	577,996	70,799	32,460	37,434	71,798	109,885	145,464	77,117	117,369	514,459	1,754,782
Long-Term Liabilities:											
Mortgage and notes payable, net of current portion	1,237,193	1,550,991	-	196,955	1,686,488	1,789,193	2,179,362	1,690,034	5,657,765	3,007,288	18,995,249
Due to affiliates, net of current portion	84,170	-	94,625	76,201	-	-	110,455	176,944	-	-	542,396
Construction payable	-	-	-	-	-	-	-	-	42,233	122,246	164,479
Accrued interest, net of current portion	-	-	183,591	1,346,446	-	433,770	-	221,620	-	-	2,185,427
Developer fee payable, net of current portion	-	-	-	111,593	114,026	-	196,238	-	410,429	-	832,286
Contingent loans and advances	197,325	2,539,507	1,280,264	760,000	548,300	3,594,490	2,375,000	9,207,266	829,965	1,494,356	22,825,473
Total long-term liabilities	1,518,688	4,090,498	1,558,481	2,491,195	2,348,814	5,817,453	4,861,055	11,295,864	6,940,392	4,623,870	45,546,310
Total liabilities	2,096,684	4,161,297	1,590,941	2,528,629	2,420,612	5,927,339	5,006,519	11,372,981	7,057,761	5,138,329	47,301,092
Net Assets:											
Unrestricted:											
Operating	67,483	354,687	51,919	80,087	4,597	3,638	(46,760)	184,526	(47,582)	-	662,595
Property and equipment	(9,708)	(987,448)	(311,060)	(964,298)	(8,479)	2,650,467	4,134,981	7,750,043	3,117,101	-	15,371,599
Total unrestricted	57,775	(632,761)	(259,141)	(884,211)	(3,882)	2,654,105	4,088,221	7,934,569	3,069,519	-	16,034,194
Temporarily restricted	100,000	-	-	-	-	-	-	-	-	-	100,000
Permanently restricted - NW capital funds	100,000	207,108	-	-	-	-	-	-	-	-	307,108
Total net assets	257,775	(415,653)	(259,141)	(884,211)	(3,882)	2,654,105	4,088,221	7,934,569	3,069,519	-	16,441,302
Total liabilities and net assets	\$ 2,354,459	\$ 3,745,644	\$ 1,331,800	\$ 1,644,418	\$ 2,416,730	\$ 8,581,444	\$ 9,094,740	\$ 19,307,550	\$ 10,127,280	\$ 5,138,329	\$ 63,742,394

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Financial Position - Rental Programs
December 31, 2015

Assets	Shalom Properties, Inc.	Poz Properties, Inc.	Trinity House LLC	Slochain Properties LP	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Total
Current Assets:									
Cash - operating	\$ 17,297	\$ 246,708	\$ 56,000	\$ 65,615	\$ 17,778	\$ 4,362	\$ 56,280	\$ -	\$ 464,040
Cash - development	-	-	-	-	-	142,678	2,985,841	-	3,522,252
Current portion of restricted deposits	53,265	49,970	8,682	12,466	42,462	57,071	43,339	393,733	3,522,252
Contracts, loans and other receivables	10,839	10,029	21,380	8,229	11,423	3,281	261	-	267,205
Prepaid expenses and other	29,002	31,311	11,876	1,842	7,343	5,324	41,672	-	65,392
Total current assets	110,403	337,968	97,888	88,152	79,006	212,716	3,127,393	393,733	4,447,259
Restricted Deposits, net of current portion	162,359	399,133	151,326	34,176	199,502	280,834	113,137	-	1,280,467
Capitalized Costs, net	-	-	-	-	20,896	23,859	42,096	-	86,851
Projects Under Development	-	-	-	-	-	-	-	4,972,871	4,972,871
Property and Equipment, net	2,125,214	3,083,852	1,141,712	1,568,507	8,492,972	8,789,725	19,080,568	-	44,282,550
Total assets	\$ 2,397,976	\$ 3,760,953	\$ 1,390,926	\$ 1,690,855	\$ 8,792,376	\$ 9,307,134	\$ 22,363,194	\$ 5,366,604	\$ 55,069,998
Liabilities and Net Assets									
Current Liabilities:									
Current portion of mortgages and notes payable	\$ 31,440	\$ 20,289	\$ -	\$ 17,146	\$ 17,969	\$ 24,851	\$ -	\$ -	\$ 111,695
Current portion of accrued interest	-	-	-	-	25,867	-	3,694	-	29,561
Accounts payable and other liabilities	57,817	51,360	33,872	29,701	37,556	61,206	92,434	-	363,946
Current portion of developer fee payable	-	-	-	-	-	46,238	408,167	254,572	708,977
Current portion of due to affiliates	-	-	-	-	14,409	10,150	-	-	24,559
Total current liabilities	89,257	71,649	33,872	46,847	95,801	142,445	504,235	254,572	1,238,738
Long-Term Liabilities:									
Mortgages and notes payable, net of current portion	1,756,077	1,572,457	-	215,013	1,804,797	2,200,963	9,809,750	3,526,015	20,885,072
Due to affiliates, net of current portion	75,000	-	94,626	76,201	-	100,000	396,142	-	741,969
Construction payable	-	-	-	-	-	-	-	1,486,017	1,486,017
Accrued interest, net of current portion	-	-	168,711	1,212,745	369,846	-	42,647	-	1,793,949
Developer fee payable, net of current portion	197,225	2,539,507	1,280,264	760,000	3,594,490	150,000	5,823,206	100,000	261,593
Contingent loans and advances	2,028,402	4,111,964	1,543,601	2,375,552	5,789,133	4,825,963	16,071,745	5,112,032	16,669,792
Total long-term liabilities	2,117,659	4,183,613	1,577,473	2,422,399	5,864,934	4,968,408	16,576,040	5,366,604	43,077,130
Net Assets:									
Unrestricted:									
Operating	52,586	286,608	64,016	98,451	1,174	8,832	45,424	-	517,091
Property and equipment	27,731	(915,376)	(250,563)	(790,015)	2,926,268	4,329,894	5,741,730	-	11,069,569
Total unrestricted	80,317	(628,768)	(186,547)	(791,564)	2,927,442	4,338,726	5,787,154	-	11,585,760
Temporarily restricted	100,000	-	-	-	-	-	-	-	100,000
Permanently restricted - NW capital funds	100,000	207,108	-	-	-	-	-	-	307,108
Total net assets	280,317	(422,660)	(186,547)	(791,564)	2,927,442	4,338,726	5,787,154	-	11,992,868
Total liabilities and net assets	\$ 2,397,976	\$ 3,760,953	\$ 1,390,926	\$ 1,690,855	\$ 8,792,376	\$ 9,307,134	\$ 22,363,194	\$ 5,366,604	\$ 55,069,998

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Activities - Rental Programs
For the Year Ended December 31, 2016

	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	Total
Unrestricted Net Assets:										
Operating revenues:										
Rental income, net of vacancies	\$ 418,632	\$ 493,608	\$ 166,185	\$ 176,630	\$ 25,655	\$ 552,336	\$ 366,345	\$ 594,403	\$ 84,093	\$ 2,877,887
Interest income and other, net	4,985	7,576	708	207	-	8,644	4,930	38,126	-	65,176
Total operating revenues	423,617	501,184	166,893	176,837	25,655	560,980	371,275	632,529	84,093	2,943,063
Operating expenses:										
Rental programs	373,162	374,200	162,742	133,217	22,314	495,734	381,007	575,099	252,727	2,767,202
Depreciation and amortization	72,997	122,977	61,865	62,566	7,223	245,303	240,773	506,190	117,711	1,437,605
Total operating expenses	446,159	494,177	224,607	195,783	29,537	741,037	621,780	1,081,289	370,438	4,204,807
Changes in unrestricted net assets from operations	(22,542)	7,007	(57,714)	(18,946)	(3,882)	(180,057)	(250,505)	(448,760)	(286,345)	(1,261,744)
Non-operating expenses:										
Rent up and marketing	-	-	-	-	-	-	-	-	(85,316)	(85,316)
Organizational costs and others	-	-	-	-	-	-	-	-	(64,644)	(64,644)
Deferred interest	-	-	(14,880)	(133,701)	-	(93,280)	-	(178,973)	-	(420,834)
Total non-operating expenses	-	-	(14,880)	(133,701)	-	(93,280)	-	(178,973)	(149,960)	(570,794)
Changes in unrestricted net assets	\$ (22,542)	\$ 7,007	\$ (72,594)	\$ (152,647)	\$ (3,882)	\$ (273,337)	\$ (250,505)	\$ (627,733)	\$ (436,305)	\$ (1,832,538)

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Activities - Rental Programs
For the Year Ended December 31, 2015

	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Total
Unrestricted Net Assets:								
Operating revenues:								
Rental income, net of vacancies	\$ 425,258	\$ 488,351	\$ 164,560	\$ 178,995	\$ 527,037	\$ 365,256	\$ 185,705	\$ 2,335,162
Interest income and other, net	5,091	9,341	-	193	7,400	20,929	936	43,890
Total operating revenues	430,349	497,692	164,560	179,188	534,437	386,185	186,641	2,379,052
Operating expenses:								
Rental programs	377,495	385,826	175,746	138,099	524,975	426,710	500,343	2,529,194
Depreciation and amortization	62,436	121,762	61,797	61,713	244,999	237,752	323,719	1,114,178
Total operating expenses	439,931	507,588	237,543	199,812	769,974	664,462	824,062	3,643,372
Changes in unrestricted net assets from operations	(9,582)	(9,896)	(72,983)	(20,624)	(235,537)	(278,277)	(637,421)	(1,264,320)
Non-operating expenses:								
Rent-up and marketing	-	-	-	-	-	-	(42,230)	(42,230)
Deferred interest	-	-	(14,774)	(125,078)	(93,280)	-	(42,647)	(275,779)
Total non-operating expenses	-	-	(14,774)	(125,078)	(93,280)	-	(84,877)	(318,009)
Changes in unrestricted net assets	\$ (9,582)	\$ (9,896)	\$ (87,757)	\$ (145,702)	\$ (328,817)	\$ (278,277)	\$ (722,298)	\$ (1,582,329)

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statements of Changes in Net Assets - Rental Programs
For the Years Ended December 31, 2016 and 2015

	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	Total
Net Assets, December 31, 2014	\$ 289,899	\$ (412,764)	\$ (98,790)	\$ (585,862)	\$ -	\$ 3,256,259	\$ 3,454,512	\$ (2,055)	\$ -	\$ 5,901,199
Capital contributions	-	-	-	-	-	-	1,162,491	6,511,507	-	7,673,998
Changes in net assets	(9,582)	(9,896)	(87,757)	(145,702)	-	(328,817)	(278,277)	(722,298)	-	(1,582,329)
Net Assets, December 31, 2015	280,317	(422,660)	(186,547)	(731,564)	-	2,927,442	4,338,726	5,787,154	-	11,992,868
Capital contributions	-	-	-	-	-	-	-	2,775,148	3,591,074	6,366,222
Syndication costs	-	-	-	-	-	-	-	-	(85,250)	(85,250)
Changes in net assets	(22,542)	7,007	(72,594)	(152,647)	(3,882)	(273,337)	(250,505)	(627,733)	(436,305)	(1,832,538)
Net Assets, December 31, 2016	\$ 257,775	\$ (415,653)	\$ (259,141)	\$ (884,211)	\$ (3,882)	\$ 2,654,105	\$ 4,088,221	\$ 7,934,569	\$ 3,069,519	\$ 16,441,302

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Cash Flows - Rental Programs
For the Year Ended December 31, 2016

	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Slochain Properties LP	Paco Properties LLC	Stovens Corner LP	Benfield Farms LP	Sittowski LP	Shoe Shop LP	Coppersmith LP	Total
Cash Flows from Operating Activities:											
Changes in net assets	\$ (23,542)	\$ 7,007	\$ (172,594)	\$ (152,647)	\$ (3,882)	\$ (273,337)	\$ (250,505)	\$ (527,733)	\$ (436,305)	\$ -	\$ (1,832,538)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:											
Depreciation and amortization	72,997	122,977	61,865	62,566	7,223	245,303	240,773	506,190	117,711	-	1,437,605
Deferred interest	-	-	34,880	133,701	-	93,280	-	178,973	-	-	420,834
Bad debts	3,995	2,532	10,176	570	-	927	-	464	-	-	38,664
Interest - amortization expense	5,291	-	-	-	-	3,571	4,345	503	917	-	14,727
Changes in operating assets and liabilities:											
Restricted deposits	(13,312)	(1,519)	(648)	491	(3,200)	1,362	(5,700)	(32,146)	-	-	(55,672)
Contracts, loans and other receivables	(11,419)	(11,490)	7,236	(8,391)	(2,065)	(464)	2,645	(203)	(6,159)	-	(28,245)
Prepaid expenses and other	1,453	(731)	6,015	282	(2,065)	192	2,039	(11,619)	(4,010)	-	(8,424)
Accrued interest	-	-	-	-	6,064	-	-	(3,694)	13,594	9,783	25,747
Accounts payable and other liabilities	(3,368)	(2,027)	(1,412)	(10,372)	27,029	1,030	48,812	(29,794)	89,430	-	139,368
Deferred interest payments	9,170	-	-	-	38,705	7,694	9,805	-	5,000	-	(25,301)
Due to affiliates	42,265	116,749	25,518	26,200	69,894	54,357	51,214	(19,019)	(219,822)	9,783	157,139
Net cash provided by (used in) operating activities	-	-	-	-	-	-	-	-	-	(4,527,044)	(4,527,044)
Cash Flows from Investing Activities:											
Net increase in projects under development	-	-	-	-	-	-	-	-	(28,776)	-	(28,776)
Cash paid for capitalized costs	-	-	-	-	-	-	-	-	-	(317,655)	(317,655)
Due from affiliates	49,178	(13,714)	(11,750)	(3,604)	(26,700)	(14,215)	1,606	(51,978)	(11,520)	-	(112,697)
(Increase) decrease in restricted deposits	(37,129)	(17,992)	(4,498)	(1,281)	(2,320,858)	(4,513)	(169,943)	(42,120)	(5,758,775)	-	(6,357,419)
Acquisition of property and equipment	(17,951)	(31,616)	(16,248)	(4,865)	(2,347,558)	(19,128)	(188,337)	(94,098)	(5,799,071)	(4,844,699)	(13,343,591)
Net cash used in investing activities	(32,068)	(20,289)	-	(17,099)	-	(17,969)	(24,851)	(9,855,782)	3,591,074	-	(9,966,058)
Cash Flows from Financing Activities:											
Principal payments of mortgages and notes payable	-	-	-	-	-	-	-	2,775,148	(85,250)	-	6,366,222
Capital contributions	-	-	-	-	-	-	-	-	155,857	-	(85,250)
Syndication fees	-	-	-	-	134,026	-	-	(408,167)	-	504,676	365,392
Developer fee payable	-	-	-	-	-	-	-	-	-	-	(219,198)
Due to affiliates	-	-	-	-	548,300	-	-	3,384,060	729,965	1,494,356	6,156,681
Proceeds from contingent loans and advances	-	-	-	-	1,686,488	-	-	1,750,000	2,163,178	3,007,268	8,606,934
Proceeds from mortgages and notes payable	-	-	-	-	2,348,814	(17,969)	(24,851)	(3,573,939)	6,554,824	5,006,300	11,223,723
Net change in cash	(7,794)	64,844	9,270	4,216	71,150	17,260	(141,974)	(2,687,056)	535,931	171,384	(1,962,729)
Cash:											
Beginning of year	37,297	246,708	56,000	65,615	-	17,778	147,040	3,042,121	393,733	-	3,986,292
End of year	\$ 9,543	\$ 311,552	\$ 65,270	\$ 69,831	\$ 71,150	\$ 35,038	\$ 5,065	\$ 355,065	\$ 929,664	\$ 171,384	\$ 2,023,563
Supplemental Disclosure of Cash Flow Information:											
Cash paid for interest - expensed	\$ 62,040	\$ 45,919	\$ -	\$ 13,773	\$ 8,113	\$ 124,749	\$ 61,459	\$ 108,439	\$ 81,378	\$ -	\$ 506,870
Cash paid for interest - capitalized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,147	\$ 316,874	\$ 464,021
Project under development placed in service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,972,871	\$ -	\$ 4,972,871
Projects under development and property and equipment financed with construction payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,233	\$ 122,246	\$ 141,479

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
 Supplementary Combining Statement of Cash Flows - Rental Programs
 For the Year Ended December 31, 2015

	Shalom Properties, Inc.	Poz Properties, Inc.	Trinity House LLC	Shebain Properties LP	Stevens Corner LP	Bonfield Farms LP	Sittowski LP	Shoe Shop LP	Total
Cash Flows from Operating Activities:									
Changes in net assets:									
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:									
Depreciation and amortization	62,436	121,762	61,797	61,713	244,999	237,752	323,719	-	1,114,178
Deferred interest	6,209	4,063	10,060	19	93,280	-	42,647	-	275,779
Bad debts	5,063	1,272	-	-	3,671	5,268	-	-	20,490
Interest - amortization expense	-	-	-	-	-	-	-	-	15,274
Changes in operating assets and liabilities:									
Restricted deposits	184	(7,646)	(2,919)	(11)	4,407	(32,769)	(43,339)	-	(82,093)
Contracts, loans and other receivables	(2,762)	1,210	(18,626)	2,583	2,290	(205)	(261)	-	(15,771)
Prepaid expenses and other	(699)	(273)	-	(39)	(1,542)	(363)	(41,672)	-	(44,548)
Accrued interest	-	-	-	-	-	(133,599)	3,694	-	(129,905)
Accounts payable and other liabilities	(43,487)	1,691	5,218	5,949	(9,755)	(32,355)	92,434	-	19,695
Due to affiliates	-	-	-	-	(5,529)	105,150	-	-	99,621
Net cash provided by (used in) operating activities	17,402	112,183	(17,453)	49,590	3,143	(129,398)	(345,076)	-	(309,609)
Cash Flows from Investing Activities:									
Net increase in projects under development	-	-	-	-	-	-	-	(2,475,203)	(2,475,203)
Cash paid for capitalized costs	156,520	(10,957)	(12,154)	(3,624)	(4,715)	(9,343)	(375,217)	-	(394,560)
(Increase) decrease in restricted deposits	(169,917)	(46,829)	(2,907)	(8,036)	(6,779)	(8,090)	(4,977,162)	-	(236,233)
Acquisition of property and equipment	(7,397)	(57,766)	(14,461)	(11,660)	(11,494)	(265,699)	(5,455,516)	(2,475,203)	(9,233,100)
Net cash used in investing activities	(30,406)	(20,685)	-	(16,275)	(16,750)	(1,075,545)	(7,486,041)	-	(8,645,702)
Cash Flows from Financing Activities:									
Principal payments of mortgages and notes payable	-	-	-	-	-	1,162,491	2,389,165	-	3,551,656
Developer fee payable	-	-	-	-	-	(527,690)	-	-	(527,690)
Due to affiliates	-	-	-	-	-	-	219,198	-	219,198
Cash transfer	-	-	-	-	-	-	-	221,015	221,015
Proceeds from contingent loans and advances	-	-	-	-	-	-	1,090,156	100,000	1,190,156
Proceeds from mortgages and notes payable	-	-	-	-	-	871,200	12,550,000	2,547,921	15,969,121
Net cash provided by (used in) financing activities	(30,406)	(20,685)	-	(16,275)	(16,750)	430,456	8,762,478	2,868,936	11,977,754
Net Change in Cash	(20,401)	33,732	(31,914)	21,655	(25,101)	35,459	2,951,886	393,733	3,359,049
Cash:									
Beginning of year	37,698	212,976	87,914	43,960	42,879	111,581	90,235	-	627,243
End of year	\$ 17,297	\$ 246,708	\$ 56,000	\$ 65,615	\$ 17,778	\$ 147,040	\$ 3,042,121	\$ 393,733	\$ 3,986,292
Supplemental Disclosure of Cash Flow Information:									
Cash paid for interest - expensed	\$ 58,134	\$ 51,878	\$ -	\$ 14,600	\$ 96,995	\$ 67,073	\$ 156,041	\$ -	\$ 444,721
Cash paid for interest - capitalized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,946	\$ 363,570
Contingent loans and advances converted to capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,122,342	\$ -	\$ 4,122,342
Construction in process placed in service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,974,710	\$ 16,476,681	\$ -	\$ 22,451,391
Projects under development and property and equipment financed with construction payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,486,017	\$ 1,486,017

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Functional Expenses - Rental Programs
For the Year Ended December 31, 2016

	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	Total
Personnel and Related:										
Consulting and contract labor	\$ 29,102	\$ 22,911	\$ 55,086	\$ 17,928	\$ 2,272	\$ 124,442	\$ 54,338	\$ 140,308	\$ 18,708	\$ 465,095
Other:										
Interest expense and bank fees	62,040	46,919	-	13,773	14,364	99,448	66,164	105,248	82,295	490,251
Telephone and utilities	50,028	46,799	21,063	15,660	1,116	81,571	98,522	137,891	17,738	470,388
Insurance and taxes	73,823	71,692	17,757	23,409	2,392	62,028	47,912	75,009	70,853	444,875
Repairs, maintenance and security	76,161	93,568	31,645	28,866	913	35,325	55,347	34,450	8,949	365,224
Management fees	24,884	32,119	5,978	19,771	-	55,713	27,529	31,771	9,320	207,085
Professional fees	21,581	25,965	14,900	7,200	638	17,749	14,470	21,792	37,387	161,682
Supplies and general office	8,157	14,129	1,138	2,400	317	13,781	5,417	15,321	6,282	66,942
Program expenses	21,835	13,157	3,889	2,686	-	4,676	7,045	-	-	53,288
Miscellaneous	1,556	1,409	1,110	954	302	74	4,263	12,845	1,195	23,708
Bad debts	3,995	2,532	10,176	570	-	927	-	464	-	18,664
Total other	344,060	348,289	107,656	115,289	20,042	371,292	326,669	434,791	234,019	2,302,107
Total expenses before depreciation and amortization	373,162	371,200	162,742	133,217	22,314	495,734	381,007	575,099	252,727	2,767,202
Depreciation and Amortization	72,997	122,977	61,865	62,566	7,223	245,303	240,773	506,190	117,711	1,437,605
Total expenses	\$ 446,159	\$ 494,177	\$ 224,607	\$ 195,783	\$ 29,537	\$ 741,037	\$ 621,780	\$ 1,081,289	\$ 370,438	\$ 4,204,807

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Functional Expenses - Rental Programs
For the Year Ended December 31, 2015

	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Total
Personnel and Related:								
Consulting and contract labor	\$ 19,848	\$ 19,371	\$ 59,852	\$ 11,970	\$ 133,753	\$ 89,281	\$ 144,888	\$ 478,963
Other:								
Interest expense and bank fees	63,197	53,150	-	14,600	100,666	72,341	156,041	459,995
Telephone and utilities	53,751	44,202	21,122	16,822	118,689	88,802	83,458	426,846
Insurance and taxes	66,795	68,704	17,494	25,196	55,370	53,147	29,328	316,034
Repairs, maintenance and security	92,793	107,660	39,016	31,975	51,551	54,185	21,861	399,041
Management fees	24,884	32,119	5,978	19,771	32,058	27,224	9,307	151,341
Professional fees	22,685	28,833	16,839	10,883	18,959	27,311	27,681	153,191
Supplies and general office	5,932	16,019	1,138	2,798	8,963	2,232	11,867	48,949
Program expenses	20,904	11,165	3,447	2,991	4,759	9,228	1,278	53,772
Miscellaneous	497	540	800	1,074	68	2,959	14,634	20,572
Bad debts	6,209	4,063	10,060	19	139	-	-	20,490
Total other	357,647	366,455	115,894	126,129	391,222	337,429	355,455	2,050,231
Total expenses before depreciation and amortization	377,495	385,826	175,746	138,099	524,975	426,710	500,343	2,529,194
Depreciation and Amortization								
	62,436	121,762	61,797	61,713	244,999	237,752	323,719	1,114,178
Total expenses	\$ 439,931	\$ 507,588	\$ 237,543	\$ 199,812	\$ 769,974	\$ 664,462	\$ 824,062	\$ 3,643,372

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Schedule of NeighborWorks America's Restricted Net Assets
December 31, 2016

	<u>Capital Invested</u>	<u>Less Valuation Allowance</u>	<u>Eliminations</u>	<u>Restricted Net Assets</u>
Cash	\$ 45,000	\$ -	\$ -	\$ 45,000
Contracts, Loans and Other Receivables:				
NOAH CDFI - loan receivable from Peace Properties	117,206	-	-	117,206
NOAH CDFI - loans receivable - Homeownership program	124,199	(34,450)	-	89,749
NOAH CDFI - loans receivable from Cutler Heights Housing LP	115,000	(115,000)	-	-
NOAH - loan receivable from Sitkowski LP	176,944	(176,944)	176,944	176,944
NOAH - loan receivable from Shalom Properties	75,000	(75,000)	75,000	75,000
NOAH - receivable from Peace Properties for Border Falcon Street	70,000	(70,000)	70,000	70,000
Investments:				
Peace Properties investment	452,000	(429,074)	429,074	452,000
Property and Equipment:				
Shalom Properties	100,000	-	-	100,000
Paz Properties	207,108	-	-	207,108
Total assets	<u>\$ 1,482,457</u>	<u>\$ (900,468)</u>	<u>\$ 751,018</u>	<u>\$ 1,333,007</u>

NOTE: This schedule has been prepared for the purpose of providing additional information to certain users of the accompanying combined financial statements and to comply with requirements of agreements with NeighborWorks America (NW). Please refer to Note 1 for additional information concerning accounting for NW restricted net assets. This schedule is intended to be used by management and NW and should not be used by anyone other than these parties.