



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

**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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December 31, 2017 and 2016

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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, 2017 and 2016, 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.

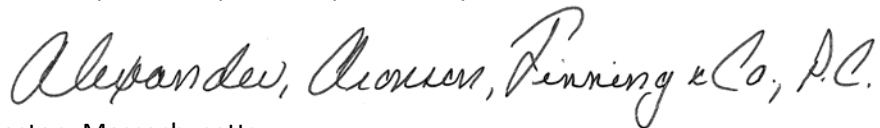
Opinion

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, 2017 and 2016, 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.

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 41 through 56 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, 2017, shown on page 57, 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.

A handwritten signature in cursive script that reads "Alexander, Brown, Fenning & Co., P.C.".

Boston, Massachusetts
May 17, 2018

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

 Combined Statement of Financial Position
 December 31, 2017

Assets	Operating (Exhibit A)	Rental Programs (Exhibit H)	Eliminations	Total
Current Assets:				
Cash - operating	\$ 2,680,459	\$ 723,655	\$ -	\$ 3,404,114
Cash - development	224,179	708,880	-	933,059
Current portion of restricted deposits	266,601	312,193	-	578,794
Current portion of contracts, loans and other receivables	1,169,970	114,942	-	1,284,912
Current portion of due from affiliates	613,509	297,324	(910,833)	-
Prepaid expenses and other	7,627	159,938	-	167,565
Total current assets	4,962,345	2,316,932	(910,833)	6,368,444
Certificate of Deposit	115,344	-	-	115,344
Restricted Deposits, net of current portion	399,054	1,636,655	-	2,035,709
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts	40,788	-	-	40,788
Due from Affiliates, net of current portion and allowance for doubtful accounts	841,176	-	(841,176)	-
Capitalized Costs, net	-	95,002	-	95,002
Projects Under Development	3,611,868	10,557,785	(213,212)	13,956,441
Property and Equipment, net	2,026,433	59,450,230	(353,975)	61,122,688
Total assets	\$ 11,997,008	\$ 74,056,604	\$ (2,319,196)	\$ 83,734,416
Liabilities and Net Assets				
Current Liabilities:				
Current portion of mortgages and notes payable	\$ 46,412	\$ 161,319	\$ -	\$ 207,731
Current portion of accrued interest	5,153	62,539	(19,207)	48,485
Current portion of construction payable	798,182	381,480	-	1,179,662
Accounts payable and other liabilities	674,779	464,908	-	1,139,687
Current portion of developer fee payable	-	410,429	(410,429)	-
Current portion of due to affiliates	297,324	183,873	(481,197)	-
Total current liabilities	1,821,850	1,664,548	(910,833)	2,575,565
Long-Term Liabilities:				
Mortgages and notes payable, net	2,694,443	17,000,633	-	19,695,076
Due to affiliates, net of current portion	65,429	463,125	(528,554)	-
Construction payable, net of current portion	455,582	1,511,333	-	1,966,915
Accrued interest, net of current portion	-	2,715,754	(315,246)	2,400,508
Developer fee payable, net of current portion	-	1,515,923	(1,515,923)	-
Contingent loans and advances	-	32,397,386	(7,504,211)	24,893,175
Total long-term liabilities	3,215,454	55,604,154	(9,863,934)	48,955,674
Total liabilities	5,037,304	57,268,702	(10,774,767)	51,531,239
Net Assets:				
Unrestricted:				
Operating	3,091,304	750,045	193,292	4,034,641
Development	1,360,842	-	-	1,360,842
Property and equipment	970,471	15,630,749	(10,508,048)	6,093,172
Total unrestricted	5,422,617	16,380,794	(10,314,756)	11,488,655
Temporarily restricted	613,509	100,000	-	713,509
Permanently restricted - NW capital funds	923,578	307,108	102,321	1,333,007
Total net assets attributable to NOAH	6,959,704	16,787,902	(10,212,435)	13,535,171
Non-controlling interest in combined subsidiaries	-	-	18,668,006	18,668,006
Total net assets	6,959,704	16,787,902	8,455,571	32,203,177
Total liabilities and net assets	\$ 11,997,008	\$ 74,056,604	\$ (2,319,196)	\$ 83,734,416

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

 Combined Statement of Financial Position
 December 31, 2016

Assets	Operating (Exhibit B)	Rental Programs (Exhibit I)	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	196,595	74,973	-	271,568
Current portion of due from affiliates	66,525	317,655	(384,180)	-
Prepaid expenses and other	7,406	136,794	-	144,200
Total current assets	4,730,989	2,887,382	(384,180)	7,234,191
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	88,431	-	-	88,431
Due from Affiliates, net of current portion	988,586	-	(988,586)	-
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	54,655,230	(363,633)	56,377,639
Total assets	\$ 9,200,807	\$ 63,678,240	\$ (1,736,399)	\$ 71,142,648
Liabilities and Net Assets				
Current Liabilities:				
Current portion of mortgages and notes payable	\$ 42,806	\$ 165,940	\$ -	\$ 208,746
Current portion of accrued interest	18,999	59,363	(29,922)	48,440
Current portion of construction payable	-	122,246	-	122,246
Accounts payable and other liabilities	651,541	434,548	-	1,086,089
Current portion of due to affiliates	317,655	36,603	(354,258)	-
Total current liabilities	1,031,001	818,700	(384,180)	1,465,521
Long-Term Liabilities:				
Mortgages and notes payable, net of current portion	2,231,673	17,310,652	-	19,542,325
Due to affiliates, net of current portion	65,410	607,157	(672,567)	-
Construction payable, net of current portion	206,556	42,233	-	248,789
Accrued interest, net of current portion	-	2,185,587	(151,207)	2,034,380
Developer fee payable	-	1,336,512	(1,336,512)	-
Contingent loans and advances	-	24,936,097	(6,229,211)	18,706,886
Total long-term liabilities	2,503,639	46,418,238	(8,389,497)	40,532,380
Total liabilities	3,534,640	47,236,938	(8,773,677)	41,997,901
Net Assets:				
Unrestricted:				
Operating	3,097,854	745,817	122,726	3,966,397
Development	768,849	-	-	768,849
Property and equipment	274,106	15,288,377	(11,099,677)	4,462,806
Total unrestricted	4,140,809	16,034,194	(10,976,951)	9,198,052
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	(10,725,007)	11,382,462
Non-controlling interest in combined subsidiaries	-	-	17,762,285	17,762,285
Total net assets	5,666,167	16,441,302	7,037,278	29,144,747
Total liabilities and net assets	\$ 9,200,807	\$ 63,678,240	\$ (1,736,399)	\$ 71,142,648

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

 Combined Statement of Activities
 For the Year Ended December 31, 2017

	<u>Operating</u> (Exhibit C)	<u>Rental</u> <u>Programs</u> (Exhibit J)	<u>Eliminations</u>	<u>Total</u>
Unrestricted Net Assets:				
Operating revenues:				
Rental income, net of vacancies	\$ 58,667	\$ 3,361,310	\$ -	\$ 3,419,977
Contracts, grants and other fees	1,049,625	-	-	1,049,625
Project management and developer fees, net	1,026,121	-	89,398	1,115,519
Interest income and other, net	76,549	98,771	-	175,320
Property management fees	377,787	-	(364,335)	13,452
Net assets released from purpose restrictions	891,917	-	-	891,917
Total operating revenues	<u>3,480,666</u>	<u>3,460,081</u>	<u>(274,937)</u>	<u>6,665,810</u>
Operating expenses:				
Operating programs	2,682,325	-	-	2,682,325
Rental programs	-	3,319,829	(374,949)	2,944,880
Depreciation and amortization	70,879	1,650,714	(9,658)	1,711,935
Total operating expenses	<u>2,753,204</u>	<u>4,970,543</u>	<u>(384,607)</u>	<u>7,339,140</u>
Changes in unrestricted net assets from operations	<u>727,462</u>	<u>(1,510,462)</u>	<u>109,670</u>	<u>(673,330)</u>
Non-operating revenue (expenses):				
Proceeds from sale of tax credits	5,275,625	-	-	5,275,625
Capital grant, net	878,400	-	-	878,400
Deferred interest	-	(466,095)	183,246	(282,849)
Non-capitalized development costs	(324,054)	-	-	(324,054)
Provision against loans receivable	(5,275,625)	-	1,275,000	(4,000,625)
Total non-operating revenue (expenses)	<u>554,346</u>	<u>(466,095)</u>	<u>1,458,246</u>	<u>1,546,497</u>
Changes in unrestricted net assets	<u>1,281,808</u>	<u>(1,976,557)</u>	<u>1,567,916</u>	<u>873,167</u>
Temporarily Restricted Net Assets:				
Grants and contributions	754,023	-	-	754,023
Net assets released from purpose restrictions	(891,917)	-	-	(891,917)
Changes in temporarily restricted net assets	<u>(137,894)</u>	<u>-</u>	<u>-</u>	<u>(137,894)</u>
Permanently Restricted Net Assets:				
Valuation recovery of NW Funds	149,623	-	(149,623)	-
Changes in permanently restricted net assets	<u>149,623</u>	<u>-</u>	<u>(149,623)</u>	<u>-</u>
Changes in net assets	<u>1,293,537</u>	<u>(1,976,557)</u>	<u>1,418,293</u>	<u>735,273</u>
Changes to Net Assets Attributable to Non-Controlling Interest:				
Non-controlling interest attributable to combined subsidiaries	-	1,417,436	-	1,417,436
Changes in net assets attributable to NOAH and Affiliates	<u>\$ 1,293,537</u>	<u>\$ (559,121)</u>	<u>\$ 1,418,293</u>	<u>\$ 2,152,709</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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

	Operating (Exhibit D)	Rental Programs (Exhibit K)	Eliminations	Total
Unrestricted Net Assets:				
Operating revenues:				
Rental income, net of vacancies	\$ 58,693	\$ 2,873,308	\$ -	\$ 2,932,001
Contracts, grants and other fees, net	906,022	-	-	906,022
Project management and developer fees, net	1,000,007	-	(98,310)	901,697
Interest income and other, net	223,369	69,755	(149,308)	143,816
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	-	2,765,843	(407,994)	2,357,849
Depreciation and amortization	72,650	1,438,877	(9,658)	1,501,869
Total operating expenses	2,646,154	4,204,720	(417,652)	6,433,222
Changes in unrestricted net assets from operations	599,363	(1,261,657)	(181,000)	(843,294)
Non-operating revenue (expenses):				
Proceeds from sale of tax credits	2,047,000	-	-	2,047,000
Deferred interest	-	(420,921)	154,930	(265,991)
Provision against affiliate loans receivable	(2,047,000)	-	2,047,000	-
Organizational costs	-	(64,644)	-	(64,644)
Rent-up and marketing	-	(85,316)	-	(85,316)
Total non-operating revenue (expenses)	-	(570,881)	2,201,930	1,631,049
Changes in unrestricted net assets	599,363	(1,832,538)	2,020,930	787,755
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)	2,020,930	1,029,482
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)	\$ 2,020,930	\$ 2,610,961

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Combined Statements of Changes in Net Assets
For the Years Ended December 31, 2017 and 2016

	NOAH and Affiliates			Non-Controlling Interest	Total	
	Operating (Exhibit E)	Rental Programs (Exhibit L)	Eliminations			Total
Net Assets, December 31, 2015	\$ 4,825,077	\$ 11,992,868	\$ (8,046,444)	\$ 8,771,501	\$ 13,062,792	\$ 21,834,293
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	<u>841,090</u>	<u>(1,832,538)</u>	<u>3,602,409</u>	<u>2,610,961</u>	<u>(1,581,479)</u>	<u>1,029,482</u>
Net Assets, December 31, 2016	5,666,167	16,441,302	(10,725,007)	11,382,462	17,762,285	29,144,747
Capital contributions	-	2,323,157	(2,323,157)	-	2,323,157	2,323,157
Changes in net assets	<u>1,293,537</u>	<u>(1,976,557)</u>	<u>2,835,729</u>	<u>2,152,709</u>	<u>(1,417,436)</u>	<u>735,273</u>
Net Assets, December 31, 2017	<u>\$ 6,959,704</u>	<u>\$ 16,787,902</u>	<u>\$ (10,212,435)</u>	<u>\$ 13,535,171</u>	<u>\$ 18,668,006</u>	<u>\$ 32,203,177</u>

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, 2017

	<u>Operating</u> (Exhibit F)	<u>Rental Programs</u> (Exhibit M)	<u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Changes in net assets	\$ 1,293,537	\$ (1,976,557)	\$ 1,418,293	\$ 735,273
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	70,879	1,650,714	(9,658)	1,711,935
Deferred interest	-	466,095	(183,246)	282,849
Bad debts	29,905	47,182	-	77,087
Interest - amortization expense	2,206	54,727	-	56,933
Provision against loans receivable	5,275,625	-	(1,275,000)	4,000,625
Valuation recovery of NW Funds	(149,623)	-	149,623	-
Capital grant, net	(878,400)	-	-	(878,400)
Proceeds from sale of tax credits	(5,275,625)	-	-	(5,275,625)
Changes in operating assets and liabilities:				
Restricted deposits	45,224	22,204	-	67,428
Contracts, loans and other receivables	(149,737)	(87,151)	-	(236,888)
Due from affiliates	(249,951)	-	249,951	-
Prepaid expenses and other	(221)	(23,144)	-	(23,365)
Accrued interest	(13,846)	(12,355)	29,922	3,721
Accounts payable and other liabilities	23,238	30,360	-	53,598
Due to affiliates	-	(1,502)	1,502	-
Net cash provided by operating activities	<u>23,211</u>	<u>170,573</u>	<u>381,387</u>	<u>575,171</u>
Cash Flows from Investing Activities:				
Issuance of notes receivable	(5,275,625)	-	1,275,000	(4,000,625)
Cash paid for projects under development	(1,399,770)	(4,081,825)	213,212	(5,268,383)
Due from affiliates	-	20,331	(20,331)	-
Increase in restricted deposits	(372,184)	(255,011)	-	(627,195)
Interest earned on certificate of deposit	(345)	-	-	(345)
Acquisition of property and equipment	(11,270)	(6,428,669)	-	(6,439,939)
Net cash used in investing activities	<u>(7,059,194)</u>	<u>(10,745,174)</u>	<u>1,467,881</u>	<u>(16,336,487)</u>
Cash Flows from Financing Activities:				
Principal payments of mortgages and notes payable	(43,666)	(6,791,272)	-	(6,834,938)
Proceeds from sale of tax credits	5,275,625	-	-	5,275,625
Capital contributions	-	2,323,157	-	2,323,157
Payments on accrued interest	-	(26,086)	-	(26,086)
Developer fee payable	-	589,840	(589,840)	-
Due to affiliates	(20,312)	4,740	15,572	-
Capital grants received	72,500	-	-	72,500
Proceeds from contingent loans and advances	-	7,461,289	(1,275,000)	6,186,289
Proceeds from mortgages and notes payable	507,836	6,421,905	-	6,929,741
Net cash provided by financing activities	<u>5,791,983</u>	<u>9,983,573</u>	<u>(1,849,268)</u>	<u>13,926,288</u>
Net Change in Cash	(1,244,000)	(591,028)	-	(1,835,028)
Cash:				
Beginning of year	<u>4,148,638</u>	<u>2,023,563</u>	<u>-</u>	<u>6,172,201</u>
End of year	<u>\$ 2,904,638</u>	<u>\$ 1,432,535</u>	<u>\$ -</u>	<u>\$ 4,337,173</u>
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest - expensed	<u>\$ 86,337</u>	<u>\$ 772,425</u>	<u>\$ -</u>	<u>\$ 858,762</u>
Cash paid for interest - capitalized	<u>\$ 16,069</u>	<u>\$ 125,482</u>	<u>\$ -</u>	<u>\$ 141,551</u>
Projects under development and property and equipment financed with construction payable	<u>\$ 1,253,764</u>	<u>\$ 1,892,813</u>	<u>\$ -</u>	<u>\$ 3,146,577</u>
Mortgage and notes payable refinanced	<u>\$ 596,831</u>	<u>\$ 1,630,540</u>	<u>\$ -</u>	<u>\$ 2,227,371</u>
Debt issuance costs paid for by proceeds from mortgages and notes payable	<u>\$ -</u>	<u>\$ 184,046</u>	<u>\$ -</u>	<u>\$ 184,046</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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

	<u>Operating</u> (Exhibit G)	<u>Rental Programs</u> (Exhibit N)	<u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Changes in net assets	\$ 841,090	\$ (1,832,538)	\$ 2,020,930	\$ 1,029,482
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	72,650	1,438,877	(9,658)	1,501,869
Deferred interest	-	420,921	(154,930)	265,991
Bad debts	62,369	18,664	-	81,033
Interest - amortization expense	2,207	14,727	-	16,934
Provision against affiliate loans receivable	2,047,000	-	(2,047,000)	-
Proceeds from sale of tax credits	(2,047,000)	-	-	(2,047,000)
Changes in operating assets and liabilities:				
Restricted deposits	172,721	(66,892)	-	105,829
Contracts, loans and other receivables	(242,321)	(28,245)	2,131	(268,435)
Due from affiliates	(268,676)	-	268,676	-
Prepaid expenses and other	11	(8,424)	-	(8,413)
Accrued interest	-	446	25,720	26,166
Accounts payable and other liabilities	(38,380)	108,676	-	70,296
Due to affiliates	-	71,179	(71,179)	-
Net cash provided by operating activities	<u>601,671</u>	<u>137,391</u>	<u>34,690</u>	<u>773,752</u>
Cash Flows from Investing Activities:				
Issuance of notes receivable	(2,047,000)	-	2,047,000	-
Cash paid for projects under development	(338,435)	(4,527,044)	-	(4,865,479)
Due from affiliates	-	(317,655)	317,655	-
(Increase) decrease in restricted deposits	256,733	(101,177)	-	155,556
Interest earned on certificate of deposit	(345)	-	-	(345)
Acquisition of property and equipment	(999)	(8,349,191)	212,336	(8,137,854)
Net cash used in investing activities	<u>(2,130,046)</u>	<u>(13,295,067)</u>	<u>2,576,991</u>	<u>(12,848,122)</u>
Cash Flows from Financing Activities:				
Proceeds from sale of tax credits	2,047,000	-	-	2,047,000
Principal payments on mortgages and notes payable	(41,572)	(9,968,058)	-	(10,009,630)
Capital contributions	-	6,366,222	-	6,366,222
Syndication fees	-	(85,250)	-	(85,250)
Accounts payable and other liabilities	465,211	-	-	465,211
Cash paid for capitalized costs	-	(28,776)	-	(28,776)
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 financing activities	<u>2,788,294</u>	<u>11,194,947</u>	<u>(2,611,681)</u>	<u>11,371,560</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>\$ 427,123</u>	<u>\$ -</u>	<u>\$ 496,810</u>
Cash paid for interest - capitalized	<u>\$ 170,478</u>	<u>\$ 431,695</u>	<u>\$ -</u>	<u>\$ 602,173</u>
Projects under development and property and equipment financed with construction payable	<u>\$ 206,556</u>	<u>\$ 164,479</u>	<u>\$ -</u>	<u>\$ 371,035</u>
Debt issuance costs paid for by proceeds from mortgages and notes payable	<u>\$ -</u>	<u>\$ 30,186</u>	<u>\$ -</u>	<u>\$ 30,186</u>
Project under development placed in 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 Functional Expenses
 For the Year Ended December 31, 2017

	Operating Programs									Rental Programs (Exhibit O)	Eliminations	Total	
	Central Administration	Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	NOAH CDFI	Eliminations				Total Operating Programs
Personnel and Related:													
Salaries	\$ 182,320	\$ 70,223	\$ 69,808	\$ 276,718	\$ 236,683	\$ 293,816	\$ 140,567	\$ -	\$ -	\$ 1,270,135	\$ -	\$ -	\$ 1,270,135
Consulting and contract labor	7,348	18,297	-	11,200	4,170	77,936	64,726	-	-	183,677	566,318	-	749,995
Employee benefits	44,447	21,332	6,030	25,341	49,863	27,006	9,732	-	-	183,751	-	-	183,751
Payroll taxes	14,299	5,999	5,711	24,468	20,316	22,112	11,571	-	-	104,476	-	-	104,476
Total personnel and related	248,414	115,851	81,549	337,727	311,032	420,870	226,596	-	-	1,742,039	566,318	-	2,308,357
Other:													
Interest expense and bank fees	34,601	-	-	-	654	42,025	-	-	-	77,280	815,463	-	892,743
Telephone and utilities	1,906	2,341	985	5,346	5,076	4,454	8,567	-	-	28,675	504,136	-	532,811
Insurance and taxes	12,816	8,780	703	2,792	6,264	9,953	3,902	2,699	-	47,909	462,952	-	510,861
Program expenses	-	49,227	154,051	202,788	12,975	2,204	1,260	-	-	422,505	61,422	-	483,927
Professional fees	38,492	3,161	3,666	11,898	11,740	32,908	7,206	5,800	-	114,871	175,260	-	290,131
Repairs, maintenance and security	17,850	1,994	1,588	8,534	5,819	5,084	6,403	-	-	47,272	376,315	(275,742)	147,845
Management fees	-	-	-	-	-	-	-	-	-	-	220,342	(99,207)	121,135
Supplies and general office	12,659	505	700	3,837	2,746	4,410	5,079	-	-	29,936	73,712	-	103,648
Bad debts	26,443	-	-	-	-	-	-	3,462	-	29,905	47,182	-	77,087
Miscellaneous	12,020	1	-	3,876	226	6,657	273	204	-	23,257	16,727	-	39,984
Travel and conferences	5,997	2,837	934	6,459	5,149	13,152	3,898	-	-	38,426	-	-	38,426
Facility	13,028	7,926	7,298	31,946	21,436	28,889	22,330	-	(96,233)	36,620	-	-	36,620
Advertising	450	1,167	940	4,442	8,100	-	341	-	-	15,440	-	-	15,440
Special events	13,284	-	-	-	-	-	-	-	-	13,284	-	-	13,284
Dues and subscriptions	8,331	205	163	1,721	831	747	658	150	-	12,806	-	-	12,806
Equipment rental and purchases	186	127	102	563	390	314	418	-	-	2,100	-	-	2,100
Total other	198,063	78,271	171,130	284,202	81,406	150,797	60,335	12,315	(96,233)	940,286	2,753,511	(374,949)	3,318,848
Total expenses before depreciation and amortization	446,477	194,122	252,679	621,929	392,438	571,667	286,931	12,315	(96,233)	2,682,325	3,319,829	(374,949)	5,627,205
Depreciation and Amortization	2,496	2,143	2,386	7,488	4,772	46,780	4,814	-	-	70,879	1,650,714	(9,658)	1,711,935
Total expenses	\$ 448,973	\$ 196,265	\$ 255,065	\$ 629,417	\$ 397,210	\$ 618,447	\$ 291,745	\$ 12,315	\$ (96,233)	\$ 2,753,204	\$ 4,970,543	\$ (384,607)	\$ 7,339,140

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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

	Operating Programs								Total Operating Programs	Rental Programs (Exhibit P)	Eliminations	Total	
	Central Adminis- tration	Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	NOAH CDFI					
Personnel and Related:													
Salaries	\$ 176,173	\$ 57,309	\$ 59,458	\$ 266,986	\$ 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	19,899	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	26,866	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	-	20	(19,466)	59,160	488,892	-	548,052
Telephone and utilities	1,893	1,972	844	5,021	5,976	3,294	7,580	-	-	26,580	470,388	-	496,968
Insurance and taxes	11,658	7,622	490	2,461	6,503	3,349	4,283	2,699	-	39,065	444,875	-	483,940
Program expenses	-	48,920	58,838	86,467	17,322	3,585	2,064	-	-	217,196	60,730	-	277,926
Professional fees	33,955	3,049	3,053	11,437	14,190	85,911	8,217	3,000	-	162,812	161,682	-	324,494
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	6,668	1,343	457	4,139	4,142	4,452	3,901	-	-	25,102	59,500	-	84,602
Bad debts	40	-	-	-	-	46,874	15,455	-	-	62,369	18,664	(56,960)	24,073
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
Facility	21,498	11,494	8,528	39,956	36,297	3,410	26,509	-	(96,204)	51,488	-	-	51,488
Advertising	125	843	2,310	1,136	2,300	755	-	-	-	7,469	-	-	7,469
Special events	15,948	-	-	-	-	-	-	-	-	15,948	-	-	15,948
Dues and subscriptions	9,025	162	110	1,498	242	1,482	119	150	-	12,788	-	-	12,788
Equipment rental and purchases	200	133	90	509	458	328	363	-	-	2,081	-	-	2,081
Total other	166,054	79,954	76,222	163,382	101,427	212,008	81,764	5,923	(115,670)	771,064	2,300,748	(407,994)	2,663,818
Total expenses before depreciation and amortization	379,943	175,281	142,124	512,406	464,440	706,872	302,185	5,923	(115,670)	2,573,504	2,765,843	(407,994)	4,931,353
Depreciation and Amortization	8,643	4,362	3,537	12,750	11,557	24,281	7,520	-	-	72,650	1,438,877	(9,658)	1,501,869
Total expenses	\$ 388,586	\$ 179,643	\$ 145,661	\$ 525,156	\$ 475,997	\$ 731,153	\$ 309,705	\$ 5,923	\$ (115,670)	\$ 2,646,154	\$ 4,204,720	\$ (417,652)	\$ 6,433,222

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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, Benfield Farms Limited Partnership, and Coppersmith Village Rental 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.

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.

Cash - Operating 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 - operating 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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017 and 2016. These include construction, soft costs, overhead, interest, and other costs and are reflected as projects under development (see Note 5) 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 6). Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	25 – 40 years
Land improvements	15 – 40 years
Furniture, fixtures and equipment	5 – 7 years
Leasehold improvements	Life of lease

Depreciation expense for the years ended December 31, 2017 and 2016, was \$1,702,243 and \$1,489,664, respectively.

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 2017 and 2016. As of December 31, 2017 and 2016, 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).

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method (see Note 9).

Leases

The Affiliates 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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and all other income are 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.

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>2017</u>	<u>2016</u>
Community services	\$ 329,037	\$ 526,813
Homebuyer and homeowner services	284,472	224,590
Rental housing	<u>100,000</u>	<u>100,000</u>
	<u>\$ 713,509</u>	<u>\$ 851,403</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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications (Continued)

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.

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

	<u>2017</u>	<u>2016</u>
Cumulative capital grants received, net of authorized write-offs	\$ 1,465,658	\$ 1,482,457
Cumulative valuation allowance	(734,046)	(900,468)
Add - intercompany elimination	<u>601,395</u>	<u>751,018</u>
	<u>\$ 1,333,007</u>	<u>\$ 1,333,007</u>

Non-controlling interest represents unrelated investors' interests in Benfield, 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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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.

Income Taxes

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

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

NOAH has corporate affiliates (see Note 2). The corporate affiliates had, for Federal and state income tax purposes, net operating loss carryforwards (NOLs) of approximately \$54,000 and \$44,000, respectively, available to offset future taxable income as of December 31, 2017 and 2016. The corporate subsidiaries had, for Federal and state income tax purposes, NOLs of approximately \$41,000 and \$32,000, respectively, as of December 31, 2017 and 2016. The Federal NOLs expire at various dates through 2037. NOAH's corporate affiliates' potential tax benefits of net operating loss carryforwards have been fully reserved due to the uncertainty of their future use.

No income tax provision has been included in the accompanying combined financial statements for the LPs and LLCs (see Note 1), as the income, loss and credits are reported by the partners on their respective income tax returns.

NOAH and Affiliates account for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the 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, 2017 and 2016. NOAH and Affiliates' income taxes are subject to examination by the appropriate taxing jurisdictions.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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.

Expense Allocation

Expenses related directly to a program or function are distributed to that program or function. The combined financial statements contain certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated based on square-footage and an estimate of time and effort spent on each program or support function.

Subsequent Events

Subsequent events have been evaluated through May 17, 2018, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the accompanying combined financial statements.

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 revenue (expenses).

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 for the purpose of developing low to moderate-income housing and is treated as a non-profit for income tax purposes.

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

Peace Properties also owns land on which it developed fourteen condominium units known as Border Falcon Condominium units and entered into a ground lease agreement (see Note 11).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

2. RELATED PARTY TRANSACTIONS (Continued)

Combined Entities (Continued)

Operating (Continued)

NOAH Community Development Fund, Inc. (NOAH CDFI) was formed in 2001 to provide loans and counseling for homeownership to low and moderate-income residents (see Note 8).

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 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, 2017, Paco purchased ten properties with a total of 30 units.

Stevens Corner Limited Partnership (Stevens Corner), a Massachusetts limited partnership, owns and operates 42 units of affordable housing for low and moderate-income families and individuals. Stevens Corner is treated as a partnership for income tax purposes. NOAH holds a 0.01% interest in the capital, profits, losses, credits, and cash flow of Stevens Corner, as the special limited partner.

Benfield Farms Limited Partnership (Benfield), a Massachusetts limited partnership, owns and operates 26 units of affordable housing for low and moderate-income seniors over 62 years of age in Carlisle, Massachusetts. Benfield is treated as a partnership for income tax purposes. NOAH is the special limited partner and holds no interest in the capital, profits, losses, credits, and cash flow of Benfield.

Benfield's investor limited partner has committed \$5,221,156 in capital contributions to Benfield, of which \$5,174,740 was contributed as of December 31, 2016. The remaining \$46,416 was contributed in 2017, at the time Benfield passed Federal Renewable Energy Credits onto the investor limited partner.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

2. RELATED PARTY TRANSACTIONS (Continued)

Combined Entities (Continued)

Rental Programs (Continued)

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.

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 is treated as a partnership for income tax purposes.

The investor limited partner originally committed \$6,235,819 in capital contributions to Shoe Shop, payable in four installments. As a result of higher than anticipated Federal Historic Rehabilitation Tax Credits (HRTC), the investor limited partner increased their committed capital contributions by \$36,319. During 2017 and 2016, the investor limited partner made capital contribution payments of \$2,276,741 and \$3,591,074, respectively. The remaining installments totaling \$404,323 are expected to be paid in 2018, upon reaching certain milestones outlined in the operating agreement.

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 interests in general partners:

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

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

2. RELATED PARTY TRANSACTIONS (Continued)

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, 2017 and 2016. There was \$1,030 and \$2,060 due at December 31, 2017 and 2016, 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:

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>2017</u>	<u>2016</u>
3.32% note receivable, secured by a shared second mortgage on Sitkowski's property, due December 30, 2053	\$ 2,700,000	\$ 2,700,000
3.32% note receivable, secured by a shared second mortgage on Sitkowski's property, due December 30, 2053	2,047,000	2,047,000
Non-interest bearing note, secured by a shared second mortgage on Shoe Shop's property, due August 12, 2045	1,275,000	-
0.01% note receivable, secured by a third mortgage on Benfield's property, due April 5, 2058	871,200	871,200
5% note receivable, secured by a third mortgage on Stevens Corner's property, due August 15, 2041	511,179	511,179
Non-interest unsecured note receivable from Sitkowski, due December 31, 2053	<u>99,832</u>	<u>99,832</u>
	7,504,211	6,229,211
Less - valuation allowance	<u>7,504,211</u>	<u>6,229,211</u>
	<u>\$ -</u>	<u>\$ -</u>

It is NOAH's policy to fully reserve these mortgages and notes receivable as they are only due upon available cash flow. There are no principal payments due in 2018 and 2017 based on 2017 and 2016 cash flows, respectively.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

2. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties (Continued)

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>2017</u>	<u>2016</u>
Paz	\$ 139,648	\$ 139,648
Shalom	106,035	106,033
Siochain	44,244	44,245
Trinity House	32,495	32,495
Stevens Corner	20,010	22,103
Paco	16,903	1,205
Shoe Shop	10,150	-
Benfield	5,464	5,305
	<u>374,949</u>	<u>351,034</u>
Less - allowance for uncollectible property management fees earned	<u>10,614</u>	<u>-</u>
	<u>\$ 364,335</u>	<u>\$ 351,034</u>

Project Management and 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, 2017 and 2016, net of allowance were as follows:

	<u>2017</u>	<u>2016</u>
Coppersmith (see Note 5)	\$ 875,724	\$ 504,676
Paco	222,390	110,974
Shalom	27,164	-
Shoe Shop	-	384,357
	<u>1,125,278</u>	<u>1,000,007</u>
Developer fees	1,125,278	1,000,007
Add - elimination for doubtful accounts	302,610	114,026
Less - elimination of developer fee profits	<u>(312,369)</u>	<u>(212,336)</u>
	<u>\$ 1,115,519</u>	<u>\$ 901,697</u>

Rental Fees

Peace Properties charges NOAH rent for the usage of space. Total rent charged for the years ended December 31, 2017 and 2016, was \$96,233 and \$96,204, respectively.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

2. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties (Continued)

Other Transactions

Balances between NOAH and the Affiliates as of December 31, 2017, were as follows:

	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Allowance for for Doubtful Accounts</u>	<u>Total</u>
NOAH receivable	\$ -	\$ 571,174	\$ 186,234	\$ 2,842,314	\$ (1,542,365)	\$ 2,057,357
NOAH CDFI receivable	45,020	350,371	-	46,958	-	442,349
Coppersmith receivable	-	297,324	-	-	-	297,324
Peace Properties receivable	53,130	-	-	18,780	(18,780)	53,130
Stevens Corner receivable	-	65,410	-	-	(65,410)	-
Subtotal	98,150	1,284,279	186,234	2,908,052	(1,626,555)	2,850,160
Less - current portion	<u>53,130</u>	<u>473,489</u>	<u>-</u>	<u>613,509</u>	<u>-</u>	<u>1,140,128</u>
	<u>\$ 45,020</u>	<u>\$ 810,790</u>	<u>\$ 186,234</u>	<u>\$ 2,294,543</u>	<u>\$ (1,626,555)</u>	<u>\$ 1,710,032</u>

Balances between NOAH and the Affiliates as of December 31, 2016, were as follows:

	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Allowance for for Doubtful Accounts</u>	<u>Total</u>
NOAH receivable	\$ -	\$ 665,364	\$ 186,234	\$ 2,108,583	\$ (1,225,583)	\$ 1,734,598
NOAH CDFI receivable	45,000	279,772	-	53,067	-	377,839
Coppersmith receivable	-	317,655	-	-	-	317,655
Peace Properties receivable	-	-	-	18,780	(18,780)	-
Stevens Corner receivable	-	65,410	-	-	(65,410)	-
Subtotal	45,000	1,328,201	186,234	2,180,430	(1,309,773)	2,430,092
Less - current portion	<u>-</u>	<u>927,201</u>	<u>-</u>	<u>66,525</u>	<u>-</u>	<u>993,726</u>
	<u>\$ 45,000</u>	<u>\$ 401,000</u>	<u>\$ 186,234</u>	<u>\$ 2,113,905</u>	<u>\$ (1,309,773)</u>	<u>\$ 1,436,366</u>

3. CERTIFICATE OF DEPOSIT

NOAH has a six-month certificate of deposit (CD) that bears interest at 0.3% per annum and is set to mature in March 2018. The fair value of the CD, which approximates the cost basis, was \$115,344 and \$114,999 as of December 31, 2017 and 2016, 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, 2017 and 2016

4. RESTRICTED DEPOSITS

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

Operating:	<u>2017</u>	<u>2016</u>
NOAH, Inc.:		
Loan loss reserve	\$ 25,000	\$ 25,000
Restricted cash - current development projects	<u>374,054</u>	<u>1,870</u>
Sub-total NOAH, Inc.	399,054	26,870
NOAH CDFI:		
Revolving loan fund capital	<u>266,601</u>	<u>311,825</u>
Total Operating	<u>665,655</u>	<u>338,695</u>
Rental Programs:		
Shalom Properties, Inc.:		
Replacement reserve	79,377	143,181
Operating escrows	31,336	37,119
Tenant security deposit	<u>28,393</u>	<u>29,458</u>
Sub-total Shalom Properties, Inc.	<u>139,106</u>	<u>209,758</u>
Paz Properties, Inc.:		
Replacement reserve	337,677	324,708
Operating escrows	42,328	46,699
Tenant security deposit	<u>31,987</u>	<u>32,879</u>
Sub-total Paz Properties, Inc.	<u>411,992</u>	<u>404,286</u>
Trinity House LLC:		
Operating reserve	115,439	109,778
Replacement reserve	58,951	53,298
Tenant security deposit	<u>8,708</u>	<u>9,330</u>
Sub-total Trinity House LLC	<u>183,098</u>	<u>172,406</u>
Siochain Properties LP:		
Operating reserve	23,578	23,576
Replacement reserve	17,805	14,204
Tenant security deposit	<u>11,476</u>	<u>11,975</u>
Sub-total Siochain Properties LP	<u>52,859</u>	<u>49,755</u>
Paco Properties LLC:		
Operating reserve	106,207	26,700
Tenant security deposit	<u>8,328</u>	<u>3,200</u>
Sub-total Paco Properties LLC	<u>114,535</u>	<u>29,900</u>
Stevens Corner LP:		
Operating reserve	174,321	172,498
Replacement reserves	46,162	41,219
Operating escrows	21,598	20,600
Tenant security deposit	<u>20,500</u>	<u>20,500</u>
Sub-total Stevens Corner LP	<u>262,581</u>	<u>254,817</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

4. RESTRICTED DEPOSITS (Continued)

Rental Programs: (Continued)	<u>2017</u>	<u>2016</u>
Benfield Farms LP:		
Operating escrows	196,398	213,253
Operating/special reserves	96,354	87,472
Tenant security deposit	26,593	26,592
Replacement reserve	<u>17,592</u>	<u>15,682</u>
Sub-total Benfield Farms LP	<u>336,937</u>	<u>342,999</u>
Sitkowski LP:		
Operating reserve	106,797	105,576
Replacement reserve	94,181	59,539
Operating escrows	45,464	44,662
Tenant security deposit	<u>30,017</u>	<u>30,823</u>
Sub-total Sitkowski LP	<u>276,459</u>	<u>240,600</u>
Shoe Shop LP:		
Operating reserve	151,236	-
Tenant security deposit	12,467	11,520
Replacement reserve	4,756	-
Operating escrows	<u>2,822</u>	<u>-</u>
Sub-total Shoe Shop LP	<u>171,281</u>	<u>11,520</u>
Total Rental Programs	<u>1,948,848</u>	<u>1,716,041</u>
Total restricted deposits	2,614,503	2,054,736
Less - current portion	<u>578,794</u>	<u>646,222</u>
Non-current portion	<u>\$ 2,035,709</u>	<u>\$ 1,408,514</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.

Coppersmith Village – East Boston, MA

The Coppersmith Village project (the 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 (the Coppersmith Rental Project) and 2) 15 for-sale condominium units (the Coppersmith Condo Project). The Coppersmith Rental Project is owned and will be operated by Coppersmith (see Note 2). The Coppersmith Condo Project is owned by Peace Properties. The construction budget for the entire project is approximately \$39,400,000.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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, Massachusetts.

Projects under development as of December 31, 2017 and 2016, consist of:

	<u>2017</u>	<u>2016</u>
Coppersmith Rental Project	\$ 10,557,785	\$ 4,649,290
Coppersmith Condo Project	3,401,586	985,983
Other	<u>309,439</u>	<u>178,907</u>
Total projects under development	14,268,810	5,814,180
Less - elimination	<u>312,369</u>	<u>-</u>
	<u>\$ 13,956,441</u>	<u>\$ 5,814,180</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2017:

	<u>Operating</u>	<u>Rental Programs</u>	<u>Total</u>
Buildings and improvements	\$ 2,167,446	\$ 65,604,059	\$ 67,771,505
Land and improvements	603,946	2,848,191	3,452,137
Furniture, fixtures and equipment	223,353	543,815	767,168
Leasehold improvements	<u>18,598</u>	<u>-</u>	<u>18,598</u>
	3,013,343	68,996,065	72,009,408
Less - accumulated depreciation	986,910	9,545,835	10,532,745
Less - elimination	<u>-</u>	<u>-</u>	<u>353,975</u>
	<u>\$ 2,026,433</u>	<u>\$ 59,450,230</u>	<u>\$ 61,122,688</u>

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	\$ 61,329,274	\$ 63,488,474
Land and improvements	603,946	765,203	1,369,149
Furniture, fixtures and equipment	220,329	465,566	685,895
Leasehold improvements	<u>18,598</u>	<u>-</u>	<u>18,598</u>
	3,002,073	62,560,043	65,562,116
Less - accumulated depreciation	916,031	7,904,813	8,820,844
Less - elimination	<u>-</u>	<u>-</u>	<u>363,633</u>
	<u>\$ 2,086,042</u>	<u>\$ 54,655,230</u>	<u>\$ 56,377,639</u>

There are restrictions imposed by lenders on the use and sale of certain land, buildings and building improvements (see Notes 9 and 10).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

7. CAPITALIZED COSTS

Capitalized costs as of December 31, 2017 and 2016, consist of:

	<u>2017</u>	<u>2016</u>
Total costs incurred	\$ 141,252	\$ 141,252
Less - accumulated amortization	<u>46,250</u>	<u>36,558</u>
Net capitalized costs	<u>\$ 95,002</u>	<u>\$ 104,694</u>

Amortization expense for the years ended December 31, 2017 and 2016, was \$9,692 and \$12,205, respectively. Amortization expense for the next five years is expected to be approximately \$10,000.

8. LOANS RECEIVABLE

NOAH CDFI

NOAH CDFI has outstanding loans receivable from local residents for purchase and/or rehabilitation of low to moderate-income housing of \$175,557 and \$239,199, respectively, less an allowance for doubtful accounts of \$132,651 and \$149,450 as of December 31, 2017 and 2016, respectively. 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.

NOAH

As of December 31, 2017 and 2016, NOAH and Affiliates have entered into two and one arrangements, respectively, to act as the nonprofit intermediary to improve the economic value of Massachusetts historic and state low-income tax credits of qualifying projects in Massachusetts. NOAH received a donation of tax credits from each project's sponsor and made a loan to the respective project entity from the proceeds of NOAH's resale of the credits to outside investors. The loans have interest rates ranging from 0.001% to 2.64%, which NOAH will receive on the maturity date. These loans mature in June 2050 and December 2057.

Total outstanding principal balances are \$6,550,625 and \$2,550,000 as of December 31, 2017 and 2016, respectively. These loans have specific restrictions surrounding their use, and due to their long-term deferred nature and likelihood of collectability, the notes are fully reserved at December 31, 2017 and 2016. The provision associated with the loan entered into in 2017 is reflected as provision against loans receivable in the accompanying combined statement of activities.

Loans receivable, net of allowances for doubtful accounts as of December 31, 2017:

<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)	3	\$ 175,557	\$ 132,651	\$ 42,906
Massachusetts historic and state low-income tax credits	<u>2</u>	<u>6,550,625</u>	<u>6,550,625</u>	<u>-</u>
Total	<u>5</u>	<u>\$ 6,726,182</u>	<u>\$ 6,683,276</u>	<u>\$ 42,906</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

8. LOANS RECEIVABLE (Continued)

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)	4	\$ 239,199	\$ 149,450	\$ 89,749
Massachusetts historic and state low-income tax credits	<u>1</u>	<u>2,550,000</u>	<u>2,550,000</u>	-
Total	<u>5</u>	<u>\$ 2,789,199</u>	<u>\$ 2,699,450</u>	<u>\$ 89,749</u>

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

2018	\$ 2,118
2019	\$ 2,224
2020	\$ 2,335
2021	\$ 2,452
2022	\$ 2,574

9. MORTGAGE AND NOTES PAYABLE

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

	<u>2017</u>	<u>2016</u>
Operating (see page 30)	\$ 2,747,435	\$ 2,283,265
Rental Programs (see page 33)	<u>17,595,174</u>	<u>17,780,495</u>
Total mortgage and notes payable	20,342,609	20,063,760
Less - unamortized debt issuance costs	439,802	312,689
Less - current portion	<u>207,731</u>	<u>208,746</u>
	<u>\$ 19,695,076</u>	<u>\$ 19,542,325</u>

Debt issuance costs of \$574,827 and \$390,781 are shown net of accumulated imputed interest of \$135,025 and \$78,092 as of December 31, 2017 and 2016, respectively. Imputed interest totaled \$56,933 and \$16,934 for the years ended December 31, 2017 and 2016, respectively, which is included in interest and bank fees in the accompanying combined statements of functional expenses. Estimated future imputed interest as of December 31, 2017, approximates \$57,000 per year for the next five years.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

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>2017</u>	<u>2016</u>
Rental Programs contingent loans and advances (see page 40)	\$ 32,397,386	\$ 24,936,097
Less - eliminations	<u>7,504,211</u>	<u>6,229,211</u>
	<u>\$ 24,893,175</u>	<u>\$ 18,706,886</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.

12. COMMITMENTS AND CONTINGENCIES

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.

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 the Project through May 17, 2018:

- \$7,605,476 in capital contributions 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 sales proceeds of STATE LIHTC
- \$883,369 from NOAH through a seller note

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2017 and 2016

13. 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.

14. 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.

15. CONDITIONAL GRANT

During 2017, Peace Properties was awarded a grant totaling \$3,869,187 from the Commonwealth of Massachusetts under its MassWorks program for the Coppersmith Condo Project that is conditional based on certain criteria, as defined in the agreement. During 2017, Peace Properties incurred eligible costs totaling \$3,279,984, of which \$805,900 was used for capitalized development costs related to the Coppersmith Condo Project. The remaining \$2,474,084 was used for costs incurred on the Coppersmith Condo Project that are over and above the development budget. The portion of the grant award recognized in 2017 totaling \$3,279,984 is reported in the accompanying combined statement of activities for the year ended December 31, 2017, net of the portion used on costs incurred over and above the development budget that were not capitalized.

The remaining installments totaling \$589,203 are conditional upon Peace Properties incurring additional eligible costs related to the Coppersmith Condo Project. As a result, this amount has not been recorded in the accompanying combined financial statements as of December 31, 2017. The award will be recorded as capital grant revenue as conditions are met.

16. RECLASSIFICATIONS

Certain amounts in the December 31, 2016, combined financial statements have been reclassified to conform with the December 31, 2017 presentation.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

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	2017		2016	
					Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
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.	\$ 500,000	\$ 26,615	\$ 500,000	\$ 26,687
	LISC	5.00%	Unsecured	Principal and interest are due monthly through June 1, 2022.	91,268	5,058	108,929	5,918
	Sub-total NOAH, Inc.				591,268	31,673	608,929	32,605
Peace Properties, Inc.								
	City of Boston	0.00%	Mortgage on the Coppersmith Condo Project.	This note allows for borrowings up to \$1,058,025. Payments of principal are due at the earlier of 120 days following the sale of the Coppersmith Condo Project (see Note 5) or December 30, 2018, in amounts equal to the unused portion of loan proceeds, plus 50% of the net sales proceeds from the Condo Project, as defined in the agreement. This note will be repaid using proceeds from the sale of units at the Coppersmith Condo Project and, as a result, it is reflected as long-term in the accompanying combined statement of financial position as of December 31, 2017.	951,364	-	-	-
	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, with all outstanding principal and accrued interest due on June 1, 2022.	750,339	28,532	765,450	29,342
	City of Boston	4.00%	Third mortgage on the 143 Border Street building	Principal and interest are due monthly to the extent of available cash flow, as defined in the agreement. All unpaid principal and accrued interest will be due on March 1, 2024. There were no payments of principal or interest due in 2017 or 2016. There are no payments of principal or interest due in 2018 based on 2017 available cash flow.	200,000	8,000	200,000	8,000
	East Boston Savings Bank	4.380%	Mortgage on the Coppersmith Condo Project.	This note allows for borrowings up to \$5,500,000. Interest-only payments are due in monthly installments through September 1, 2018. Beginning in October 2018, payments of principal and interest are due in an amount equal to 100% and 90% of the net sales proceeds from affordable and market rate units at the Coppersmith Condo Project (see Note 5), respectively. All remaining outstanding principal and interest are due on June 30, 2019. Capitalized interest as of December 31, 2017, totaled \$3,409.	153,303	-	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

9. MORTGAGE AND NOTES PAYABLE (Continued)

Operating (Continued)				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
<i>Peace Properties, Inc. (Continued)</i>							
LISC	4.00%	Ground lease (see Note 11)	Principal and interest are due in monthly installments of \$1,266, with principal due no later than the maturity date of September 2025.	101,161	4,286	112,055	4,712
Community Housing Capital, Inc.	5.50%	Mortgage on the Coppersmith Condo Project, plus an assignment of rents and leases	Interest-only payments were due monthly and outstanding principal was due at the earlier of the date of construction closing or May 22, 2018. Construction closing on the Coppersmith Condo Project occurred in June 2017, at which time this note was repaid. Capitalized interest at the time of repayment and as of December 31, 2016, totaled \$94,001 and \$90,718, respectively.	-	-	343,310	-
NeighborWorks Capital Corporation (NCC)	5.50%	Pledge in developer fees from the Sitkowski School Project	Interest-only payments were due quarterly and outstanding principal was due on June 30, 2018. Construction closing on the Coppersmith Village Project occurred in June 2017, at which time this note was repaid. Capitalized interest at the time of repayment and as of December 31, 2016, totaled \$76,477 and \$67,100, respectively.	-	-	253,521	-
Sub-total Peace Properties, Inc.				<u>2,156,167</u>	<u>40,818</u>	<u>1,674,336</u>	<u>42,054</u>
Sub-total operating (see page 26)				<u>2,747,435</u>	<u>72,491</u>	<u>2,283,265</u>	<u>74,659</u>
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. All remaining outstanding principal and accrued interest are due and payable on July 24, 2019. This note has an additional five-year option through July 2024.	922,726	35,747	942,257	36,480
CCO Mortgage, a division of RBS Citizens	5.38%	Mortgage on properties	Due in monthly installments of principal and interest of \$2,772 through December 1, 2033.	356,420	19,541	370,142	20,268
MHP	0%	Mortgage on properties	All outstanding amounts are due on October 6, 2024.	245,339	-	245,339	-
City of Boston	0%	Mortgage on properties	All outstanding amounts are due on October 6, 2024.	<u>245,339</u>	<u>-</u>	<u>245,339</u>	<u>-</u>
Sub-total Shalom Properties, Inc.				<u>1,769,824</u>	<u>55,288</u>	<u>1,803,077</u>	<u>56,748</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

9. MORTGAGE AND NOTES PAYABLE (Continued)

Rental Programs (Continued)

Lender	Interest Rate	Security	Payment Terms	2017		2016	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Paz Properties, Inc.							
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.	537,104	26,015	546,048	26,433
MHP	6.27%	Shared first mortgage on properties	Principal and interest are due in monthly installments of \$2,328 through maturity on October 3, 2021.	286,641	18,402	299,164	19,161
Sub-total Paz Properties, Inc.				<u>823,745</u>	<u>44,417</u>	<u>845,212</u>	<u>45,594</u>
Siochain Properties LP							
Boston Community Loan Fund (BCLF)	7.00%	First mortgage on the properties	Principal and interest are due in monthly installments of \$1,634 through July 2022, at which time a balloon payment of \$102,143 is due.	149,662	10,906	158,320	11,579
LISC	3.50%	Second mortgage on real estate	Principal and interest are due in monthly installments of \$938 through July 2022.	47,341	1,910	56,740	2,194
Sub-total Siochain Properties LP				<u>197,003</u>	<u>12,816</u>	<u>215,060</u>	<u>13,773</u>
Stevens Corner LP							
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 August 2032, at which time a balloon payment of \$823,124 is due.	1,331,351	94,470	1,350,626	95,777
Sitkowski LP							
MassHousing	5.50%	First mortgage on the property and restricted deposits	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. Mortgage insurance is being provided by the U.S. Department of Housing and Urban Development (HUD) under the Housing Finance Agency Risk Sharing Pilot Program.	1,729,846	98,499	1,744,218	36,896
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 through March 30, 2034 (maturity). There is a balloon payment of \$759,110 due at maturity.	1,383,223	60,273	1,409,167	61,372

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

9. MORTGAGE AND NOTES PAYABLE (Continued)

Rental Programs (Continued)

Lender	Interest Rate	Security	Payment Terms	2017		2016	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Paco Properties LLC							
Community Housing Capital, Inc.	5.25% - 6.50%	First mortgage on the properties	Three revolving lines of credit which allow for borrowings up to \$5,750,000. Interest-only payments are due monthly through August 26, 2019 (maturity), at which time all outstanding principal and accrued interest become due.	5,658,300	231,079	1,686,488	14,108
BCLF	5.00%	First mortgage on the properties - 42-44 Saint Andrew Road	Revolving line of credit which allows for borrowings up to \$3,000,000. Interest-only payments are due monthly through December 18, 2020 (maturity), at which time all outstanding principal and accrued interest become due.	852,882	1,658	-	-
Sub-total Paco Properties LLC				6,511,182	232,737	1,686,488	14,108
Shoe Shop LP							
MHP	5.51%	First mortgage on the property and an assignment of partnership interest	Monthly payments of principal and interest totaling \$9,268 are due through April 17, 2037 (maturity). There is a balloon payment of \$858,944 due at maturity.	1,617,897	62,677	-	-
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 that was due in interest-only payments through the earlier of assigning the note to MHP or April 17, 2017. The outstanding principal and interest on this note were repaid in April 2017, with proceeds from the note payable to MHP (see above).	-	41,492	5,719,379	81,378
Sub-total Shoe Shop LP				1,617,897	104,169	5,719,379	81,378
Coppersmith Village LP							
Mass Development Finance Agency (MDFA)	2.80%	First mortgage on the Coppersmith Rental Project	Bond financing in two series (A and B) for borrowings up to \$13,400,000. The bonds bear interest at 70% of the <i>Wall Street Journal's</i> prime rate for the first twenty-four months (2.8% and 2.63% at December 31, 2017 and 2016, respectively). After refinance, the bonds will bear interest at 3.99% through maturity. Interest-only payments on Series A are due monthly through December 15, 2018 (maturity), at which time the outstanding principal and accrued interest will be repaid with proceeds from Series B. As a result, this note is reflected as long-term in the accompanying combined financial statements. Payments of principal and interest on Series B will be due monthly beginning in January 2019 through December 15, 2036 (maturity). Capitalized interest as of December 31, 2017 and 2016, totaled \$37,465 and \$9,783, respectively.	2,231,103	-	465,211	-

9. MORTGAGE AND NOTES PAYABLE (Continued)

Rental Programs (Continued)

Lender	Interest Rate	Security	Payment Terms	2017		2016	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
<i>Coppersmith Village LP (Continued)</i>							
East Boston Savings Bank	2.50%	First mortgage on the Coppersmith Rental Project	Bridge loan for up to \$5,944,000. Interest was set to begin accruing at the earlier of the completion of the Coppersmith Rental Project or June 15, 2018. Payments were due annually based on cash flow, as outlined in the agreement. All interest and principal were due at maturity on June 15, 2048. The outstanding principal on this note was repaid in February 2017, with proceeds from two notes payable to MDFA and the City of Boston (see page 32).	-	-	2,542,057	-
Sub-total Coppersmith Village LP				2,231,103	-	3,007,268	-
Sub-total rental programs (see page 26)				17,595,174	702,669	17,780,495	405,646
Total operating and rental				<u>\$ 20,342,609</u>	<u>\$ 775,160</u>	<u>\$ 20,063,760</u>	<u>\$ 480,305</u>

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

2018	\$	207,731
2019	\$	7,929,912
2020	\$	198,063
2021	\$	437,018
2022	\$	282,159

The mortgage and notes payable agreements contain various covenants with which NOAH and Affiliates must comply. Shoe Shop LP was not in compliance with certain covenants as of December 31, 2017. Shoe Shop LP obtained a waiver for these covenants as of December 31, 2017. The remainder of the mortgage and notes payable NOAH and Affiliates were in compliance with the remainder of the covenants associated with its mortgage and notes payable at December 31, 2017. NOAH and Affiliates was in compliance with its covenants at December 31, 2016.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

10. CONTINGENT LOANS AND ADVANCES (Continued)

Rental Programs

Lender	Interest Rate	Security	Payment Terms	2017			2016		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
<i>Shalom Properties, Inc.</i>									
City of Boston	5.00%	Mortgage on the property	Note payable for improvements at 440 Meridian Street. Interest-only payments are due monthly. All outstanding principal and accrued interest are due in December 2022. Management considers it probable that the obligation to repay interest on this note will be forgiven. As a result, interest has not been recorded in 2017 and 2016.	\$ 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. Management considers it probable that conditions will be met. As a result, the balance is reflected as long-term as of December 31, 2017.	33,325	-	-	33,325	-	-
Sub-total Shalom Properties, Inc.				197,325	-	-	197,325	-	-
<i>Paz Properties, Inc.</i>									
MHP	0.00%	Second mortgage on the properties	All outstanding amounts on these three notes are due on July 6, 2031.	1,413,685	-	-	1,413,685	-	-
City of Boston	1.00%	Various mortgage properties	Annual payments of principal and interest are due within ninety days after year end in an amount equal to 50% of net cash flow, as defined in the agreements. These three notes mature on August 10, 2070. There were no payments due as of December 31, 2017 and 2016.	1,111,871	-	12,652	1,111,871	-	-
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 has reached an agreement for an extension or a refinance of the note's terms, which will be finalized in 2018. As such, it is presented as a long-term liability in the accompanying combined financial statements.	727,245	-	44,695	727,245	-	-
City of Boston	0.00%	Unsecured	All outstanding amounts were due on August 21, 2017. As a result of certain conditions being met, this note was forgiven in January 2018.	13,951	-	-	13,951	-	-
Sub-total Paz Properties, Inc.				3,266,752	-	57,347	3,266,752	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

10. CONTINGENT LOANS AND ADVANCES (Continued)

Rental Programs

Lender	Interest Rate	Security	Payment Terms	2017			2016		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
<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, as outlined in the agreement.	862,094	92,294	10,806	862,094	81,488	10,698
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	106,284	4,181	418,170	102,103	4,182
Sub-total Trinity House LLC				1,280,264	198,578	14,987	1,280,264	183,591	14,880
<i>Siochain Properties LP</i>									
Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD)	5.58%	Shared mortgage on the properties	Principal and all accrued interest are due in full in March 2031.	380,000	540,929	48,658	380,000	492,271	46,356
City of Boston, Public Facilities Department	7.60%	Shared mortgage on the properties	Payments are due annually in an amount equal to 50% of net cash flow, as defined in the agreement. No amounts are due in 2018 based on 2017 cash flow. There was a payment of interest due in 2017 of \$26,086 based on 2016 cash flow. All remaining principal and accrued interest are due in full in October 2030.	380,000	922,363	94,274	380,000	854,175	87,345
Sub-total Siochain Properties LP				760,000	1,463,292	142,932	760,000	1,346,446	133,701
<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	278,773	40,157	1,338,580	238,616	40,157

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

10. CONTINGENT LOANS AND ADVANCES (Continued)

Rental Programs

Lender	Interest Rate	Security	Payment Terms	2017			2016		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
<i>Stevens Corner LP</i> (Continued)									
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	-	-
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	148,441	20,064	668,772	128,377	20,064
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 through its maturity of August 15, 2041. There were payments totaling \$29,922 and \$25,300 of interest made in 2017 and 2016 based on 2016 and 2014 cash flow, respectively. There is a payment of \$19,207 of interest due in 2018 based on 2017 cash flow.	511,179	47,322	25,559	511,179	51,685	25,559
CEDAC under the Community-Based Housing Fund Program (CBH)	0.00%	Shared second mortgage on the property	Principal is due and payable annually based on 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, 2017 and 2016, based on 2017 and 2016 cash flows.	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	38,030	5,250	175,000	32,780	5,250

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

10. CONTINGENT LOANS AND ADVANCES (Continued)

Rental Programs

Lender	Interest Rate	Security	Payment Terms	2017			2016		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
<i>Stevens Corner LP</i> (Continued)									
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	14,484	2,250	75,000	12,234	2,250
Sub-total Stevens Corner LP				4,105,669	527,050	93,280	4,105,669	463,692	93,280
<i>Benfield Farms LP</i>									
NOAH	0.01%	Second mortgage on the property	Principal and interest are due and payable solely to the extent of available cash flow as defined in the operating agreement. The note may be prepaid in whole or in part at any time without penalty. All outstanding principal and accrued interest are due and payable on April 5, 2058 (maturity). There were no payments due in 2017 or 2016 based on 2016 and 2015 cash flow. There is no payment due in 2018 based on 2017 cash flow.	871,200	247	87	871,200	160	87
DHCD - AHTF	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	-	-
DHCD - 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	-	-
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	-	-
Town of Carlisle 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	-	-
Sub-total Benfield Farms LP				3,246,200	247	87	3,246,200	160	87

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
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10. CONTINGENT LOANS AND ADVANCES (Continued)

Rental Programs

Lender	Interest Rate	Security	Payment Terms	2017			2016		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
<i>Sitkowski LP</i>									
NOAH	3.32%	Shared 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. There are no payments due in 2018 based on 2017 cash flow.	2,700,000	179,529	89,640	2,700,000	89,889	89,645
NOAH	3.32%	Shared 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. There are no payments due in 2018 based on 2017 cash flow.	2,047,000	107,604	67,960	2,047,000	39,644	39,644
MassHousing	2.00%	Third mortgage on the property	The entire outstanding principal balance and any accrued interest are due at maturity in December 2055.	1,645,434	57,975	32,909	1,645,434	25,066	24,862
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.	1,000,000	40,111	10,000	1,000,000	30,111	10,522
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.	715,000	51,210	14,300	715,000	36,910	14,300
NOAH	0.00%	Unsecured	This note requires annual payments solely from net cash flow, with principal and any accrued or unpaid interest due on December 31, 2053. There are no payments due in 2018 based on 2017 cash flow.	99,832	-	-	99,832	-	-
Sub-total Sitkowski LP				9,207,266	436,429	214,809	9,207,266	221,620	178,973

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
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10. CONTINGENT LOANS AND ADVANCES (Continued)

Rental Programs

Lender	Interest Rate	Security	Payment Terms	2017			2016		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
<i>Paco Properties LLC</i>									
City of Boston	0.00%	Various mortgage properties and assignment of rents and leases	Non-interest bearing notes to the City of Boston. Outstanding principal balances and any accrued interest are due at various dates through December 2067. On certain notes, there is an option to extend the maturity dates for up to an additional fifty years provided the property continues to comply with certain affordable housing restrictions as set forth in the agreements. On certain notes, annual payments of principal and interest are due within forty-five days after year end in an amount equal to 50% of the amount by which gross receipts exceed gross expenditures, as defined in the agreements. There were no payments due in 2018 or 2017 based on 2017 or 2016 cash flow, respectively.	1,893,900	-	-	548,300	-	-
<i>Shoe Shop LP</i>									
NOAH	0.00%	Shared second mortgage on the property	Non-interest bearing note, due and payable on August 12, 2045.	1,275,000	-	-	-	-	-
DHCD - AHTF	0.00%	Shared second mortgage on the property and an assignment of leases and rents	Non-interest bearing note, due and payable on July 12, 2046. Shoe Shop has the option to extend the maturity date up to the original term of the note at the discretion of DHCD.	759,644	-	-	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	-	-
The Neighborhood Corporation (TNC)	0.00%	Share second mortgage on the property	Non-interest bearing note, due and payable on August 12, 2045.	40,000	-	-	-	-	-
Sub-total Shoe Shop LP				2,184,144	-	-	829,965	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2017 and 2016

10. CONTINGENT LOANS AND ADVANCES (Continued)

Rental Programs

Lender	Interest Rate	Security	Payment Terms	2017			2016		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
<i>Coppersmith Village LP</i>									
City of Boston	2.50%	Mortgage on Coppersmith Village Project	Interest begins accruing on this note upon completion of the Coppersmith Village Project and is compounded annually. Annual payments of principal and interest are due within forty-five days after year-end in an amount equal to available cash flow, as defined in the agreement. The maximum borrowings on this note is \$5,944,000. This note is due on June 15, 2048. Coppersmith has the option to extend the maturity date of the note for up to an additional thirty years provided Coppersmith continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	4,753,227	-	-	-	-	-
DHCD - AHTF	2.00%	Mortgage on Coppersmith Village Project	Annual payments of principal and interest are due within forty-five days after year end in an amount equal to 50% of the amount by which gross receipts exceed gross expenditures, as defined in the 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, 2017 or 2016. Capitalized interest totaled \$20,000 as of December 31, 2017. There was no interest incurred in 2016.	1,000,000	20,000	-	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, which is expected to occur in 2018.	494,356	-	-	494,356	-	-
DHCD - HOME	2.00%	Mortgage on Coppersmith Village Project	Interest begins accruing on this note upon completion of the Coppersmith Village Project and is compounded annually. Annual payments of principal and interest are due within forty-five days after year-end in an amount equal available cash flow, as defined in the agreement. The maximum borrowings on this note is \$550,000. This note is due on June 15, 2048. Coppersmith has the option to extend the maturity date of the note for up to an additional thirty years provided Coppersmith continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	8,283	-	-	-	-	-
Sub-total Coppersmith Village LP				6,255,866	20,000	-	1,494,356	-	-
Total Rental Programs				<u>\$ 32,397,386</u>	<u>\$ 2,645,596</u>	<u>\$ 523,442</u>	<u>\$ 24,936,097</u>	<u>\$ 2,215,509</u>	<u>\$ 420,921</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Financial Position - Operating
December 31, 2017

Assets	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Current Assets:					
Cash - operating	\$ 2,494,409	\$ 14,812	\$ 171,238	\$ -	\$ 2,680,459
Cash - development	122,551	101,628	-	-	224,179
Current portion of restricted deposits	-	-	266,601	-	266,601
Current portion of contracts, loans and other receivables	366,097	801,755	2,118	-	1,169,970
Current portion of due from affiliates	599,269	53,130	190,405	(229,295)	613,509
Prepaid expenses and other	5,426	899	1,302	-	7,627
Total current assets	3,587,752	972,224	631,664	(229,295)	4,962,345
Certificate of Deposit	115,344	-	-	-	115,344
Restricted Deposits, net of current portion	399,054	-	-	-	399,054
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts	-	-	40,788	-	40,788
Due from Affiliates, net of current portion and allowance for doubtful accounts	1,458,088	-	251,944	(868,856)	841,176
Projects Under Development	-	3,711,025	-	(99,157)	3,611,868
Property and Equipment, net	6,137	2,020,296	-	-	2,026,433
Total assets	<u>\$ 5,566,375</u>	<u>\$ 6,703,545</u>	<u>\$ 924,396</u>	<u>\$ (1,197,308)</u>	<u>\$ 11,997,008</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of mortgages and notes payable	\$ 18,581	\$ 27,831	\$ -	\$ -	\$ 46,412
Accrued interest	4,594	559	-	-	5,153
Current portion of construction payable	-	798,182	-	-	798,182
Accounts payable and other liabilities	200,380	472,899	1,500	-	674,779
Current portion of due to affiliates	53,130	473,489	-	(229,295)	297,324
Total current liabilities	276,685	1,772,960	1,500	(229,295)	1,821,850
Long-Term Liabilities:					
Mortgages and notes payable, net	571,437	2,123,006	-	-	2,694,443
Due to affiliates, net of current portion	45,020	810,790	186,234	(976,615)	65,429
Construction payable, net of current portion	-	455,582	-	-	455,582
Total long-term liabilities	616,457	3,389,378	186,234	(976,615)	3,215,454
Total liabilities	893,142	5,162,338	187,734	(1,205,910)	5,037,304
Net Assets:					
Unrestricted:					
Operating	2,398,965	68,282	624,057	-	3,091,304
Development	1,459,999	-	-	(99,157)	1,360,842
Property and equipment	6,137	1,355,649	-	(391,315)	970,471
Total unrestricted	3,865,101	1,423,931	624,057	(490,472)	5,422,617
Temporarily restricted	613,509	-	-	-	613,509
Permanently restricted - NW capital funds	194,623	117,276	112,605	499,074	923,578
Total net assets	4,673,233	1,541,207	736,662	8,602	6,959,704
Total liabilities and net assets	<u>\$ 5,566,375</u>	<u>\$ 6,703,545</u>	<u>\$ 924,396</u>	<u>\$ (1,197,308)</u>	<u>\$ 11,997,008</u>

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	193,934	1,343	1,318	-	196,595
Current portion of due from affiliates	676,071	-	-	(609,546)	66,525
Prepaid expenses and other	5,194	947	1,265	-	7,406
Total current assets	3,660,468	1,212,835	467,232	(609,546)	4,730,989
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	-	-	88,431	-	88,431
Due from Affiliates, net of current portion and allowance for doubtful accounts	1,058,527	-	377,839	(447,780)	988,586
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	214,530	1,425,237	780	(609,546)	1,031,001
Long-Term Liabilities:					
Mortgages and notes payable, net	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	634,002	2,250,227	186,234	(566,824)	2,503,639
Total liabilities	848,532	3,675,464	187,014	(1,176,370)	3,534,640
Net Assets:					
Unrestricted:					
Operating	2,447,080	16,891	633,883	-	3,097,854
Development	768,849	-	-	-	768,849
Property and equipment	18,628	635,508	-	(380,030)	274,106
Total unrestricted	3,234,557	652,399	633,883	(380,030)	4,140,809
Temporarily restricted	751,403	-	-	-	751,403
Permanently restricted - NW capital funds	45,000	117,276	112,605	499,074	773,955
Total net assets	4,030,960	769,675	746,488	119,044	5,666,167
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 Activities - Operating
For the Year Ended December 31, 2017

	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Unrestricted Net Assets:					
Operating revenues:					
Rental income	\$ 42,744	\$ 112,156	\$ -	\$ (96,233)	\$ 58,667
Contracts, grants and other fees, net	1,049,625	-	-	-	1,049,625
Project management and developer fees, net	1,125,278	-	-	(99,157)	1,026,121
Interest income and other, net	85,338	7	2,489	(11,285)	76,549
Property management fees	377,787	-	-	-	377,787
Net assets released from purpose restrictions	891,917	-	-	-	891,917
	<u>3,572,689</u>	<u>112,163</u>	<u>2,489</u>	<u>(206,675)</u>	<u>3,480,666</u>
Total operating revenues					
Operating expenses:					
Central Administration	446,477	-	-	(9,438)	437,039
Senior Home Repair	194,122	-	-	(5,741)	188,381
Housing Counseling	252,679	-	-	(5,286)	247,393
Community Services	621,929	-	-	(23,140)	598,789
Homebuyer Services Program	392,438	-	-	(15,527)	376,911
Real Estate and Economic Development	480,500	91,167	-	(20,926)	550,741
Property Management	286,931	-	-	(16,175)	270,756
NOAH CDFI	-	-	12,315	-	12,315
Depreciation and amortization	15,515	55,364	-	-	70,879
	<u>2,690,591</u>	<u>146,531</u>	<u>12,315</u>	<u>(96,233)</u>	<u>2,753,204</u>
Total operating expenses					
Changes in unrestricted net assets from operations	882,098	(34,368)	(9,826)	(110,442)	727,462
Non-operating revenue (expenses):					
Proceeds from sale of tax credits	5,275,625	-	-	-	5,275,625
Capital grant, net	72,500	805,900	-	-	878,400
Non-capitalized development costs	(324,054)	-	-	-	(324,054)
Provision against loans receivable	(5,275,625)	-	-	-	(5,275,625)
	<u>(251,554)</u>	<u>805,900</u>	<u>-</u>	<u>-</u>	<u>554,346</u>
Total non-operating revenue (expenses)					
Changes in unrestricted net assets	630,544	771,532	(9,826)	(110,442)	1,281,808
Temporarily Restricted Net Assets:					
Grants and contributions	754,023	-	-	-	754,023
Net assets released from purpose restrictions	(891,917)	-	-	-	(891,917)
	<u>(137,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,894)</u>
Changes in temporarily restricted net assets					
Permanently Restricted Net Assets:					
Valuation recovery of NW Funds	149,623	-	-	-	149,623
	<u>149,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,623</u>
Changes in permanently restricted net assets					
Changes in net assets	<u>\$ 642,273</u>	<u>\$ 771,532</u>	<u>\$ (9,826)</u>	<u>\$ (110,442)</u>	<u>\$ 1,293,537</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
Contracts, grants and other fees, net	906,022	-	-	-	906,022
Project management and developer fees, net	1,000,007	-	-	-	1,000,007
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	<u>3,245,585</u>	<u>112,163</u>	<u>3,439</u>	<u>(115,670)</u>	<u>3,245,517</u>
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	<u>2,605,789</u>	<u>150,112</u>	<u>5,923</u>	<u>(115,670)</u>	<u>2,646,154</u>
Changes in unrestricted net assets from operations	<u>639,796</u>	<u>(37,949)</u>	<u>(2,484)</u>	<u>-</u>	<u>599,363</u>
Non-operating revenue (expenses):					
Proceeds from sale of tax credits	2,047,000	-	-	-	2,047,000
Provision against loans receivable	(2,047,000)	-	-	-	(2,047,000)
Total non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in unrestricted net assets	<u>639,796</u>	<u>(37,949)</u>	<u>(2,484)</u>	<u>-</u>	<u>599,363</u>
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	<u>196,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,727</u>
Permanently Restricted Net Assets:					
Grants and contributions	45,000	-	-	-	45,000
Changes in net assets	<u>\$ 881,523</u>	<u>\$ (37,949)</u>	<u>\$ (2,484)</u>	<u>\$ -</u>	<u>\$ 841,090</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statements of Changes in Net Assets - Operating
For the Years Ended December 31, 2017 and 2016

	<u>NOAH, Inc.</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Eliminations</u>	<u>Total</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	4,030,960	769,675	746,488	119,044	5,666,167
Changes in net assets	<u>642,273</u>	<u>771,532</u>	<u>(9,826)</u>	<u>(110,442)</u>	<u>1,293,537</u>
Net Assets , December 31, 2017	<u><u>\$ 4,673,233</u></u>	<u><u>\$ 1,541,207</u></u>	<u><u>\$ 736,662</u></u>	<u><u>\$ 8,602</u></u>	<u><u>\$ 6,959,704</u></u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Cash Flows - Operating
For the Year Ended December 31, 2017

	NOAH, Inc.	Peace Properties	NOAH CDFI	Eliminations	Total
Cash Flows from Operating Activities:					
Changes in net assets	\$ 642,273	\$ 771,532	\$ (9,826)	\$ (110,442)	\$ 1,293,537
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	15,515	55,364	-	-	70,879
Bad debts	26,443	-	3,462	-	29,905
Interest - amortization expense	1,000	1,206	-	-	2,206
Provision against loans receivable	5,275,625	-	-	-	5,275,625
Valuation recovery of NW Funds	(149,623)	-	-	-	(149,623)
Capital grant, net	(72,500)	(805,900)	-	-	(878,400)
Proceeds from sale of tax credits	(5,275,625)	-	-	-	(5,275,625)
Changes in operating assets and liabilities:					
Restricted deposits	-	-	45,224	-	45,224
Contracts, loans and other receivables	(198,606)	5,488	43,381	-	(149,737)
Due from affiliates	(173,136)	(53,130)	(64,510)	40,825	(249,951)
Prepaid expenses and other	(232)	48	(37)	-	(221)
Accrued interest	(6,709)	(7,137)	-	-	(13,846)
Accounts payable and other liabilities	14,830	7,688	720	-	23,238
Due to affiliates	53,150	-	-	(53,150)	-
Net cash provided by (used in) operating activities	<u>152,405</u>	<u>(24,841)</u>	<u>18,414</u>	<u>(122,767)</u>	<u>23,211</u>
Cash Flows from Investing Activities:					
Issuance of notes receivable	(5,275,625)	-	-	-	(5,275,625)
Cash paid for projects under development	-	(1,498,927)	-	99,157	(1,399,770)
Increase in restricted deposits	(372,184)	-	-	-	(372,184)
Interest earned on certificate of deposit	(345)	-	-	-	(345)
Acquisition of property and equipment	(3,024)	(8,246)	-	-	(11,270)
Net cash used in investing activities	<u>(5,651,178)</u>	<u>(1,507,173)</u>	<u>-</u>	<u>99,157</u>	<u>(7,059,194)</u>
Cash Flows from Financing Activities:					
Principal payments of mortgages and notes payable	(17,661)	(26,005)	-	-	(43,666)
Proceeds from sale of tax credits	5,275,625	-	-	-	5,275,625
Due to affiliates	-	(43,922)	-	23,610	(20,312)
Capital grants received	72,500	-	-	-	72,500
Proceeds from mortgages and notes payable	-	507,836	-	-	507,836
Net cash provided by financing activities	<u>5,330,464</u>	<u>437,909</u>	<u>-</u>	<u>23,610</u>	<u>5,791,983</u>
Net Change in Cash	<u>(168,309)</u>	<u>(1,094,105)</u>	<u>18,414</u>	<u>-</u>	<u>(1,244,000)</u>
Cash:					
Beginning of year	<u>2,785,269</u>	<u>1,210,545</u>	<u>152,824</u>	<u>-</u>	<u>4,148,638</u>
End of year	<u>\$ 2,616,960</u>	<u>\$ 116,440</u>	<u>\$ 171,238</u>	<u>\$ -</u>	<u>\$ 2,904,638</u>
Supplemental Disclosure of Cash Flow Information:					
Cash paid for interest - expensed	<u>\$ 38,382</u>	<u>\$ 47,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,337</u>
Cash paid for interest - capitalized	<u>\$ -</u>	<u>\$ 16,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,069</u>
Projects under development and property and equipment financed with construction payable	<u>\$ -</u>	<u>\$ 1,253,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,253,764</u>
Mortgages and notes payable refinanced	<u>\$ -</u>	<u>\$ 596,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,831</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	62,369	-	-	-	62,369
Interest - amortization expense	1,000	1,207	-	-	2,207
Provision against loans receivable	2,047,000	-	-	-	2,047,000
Proceeds from sale of tax credits	(2,047,000)	-	-	-	(2,047,000)
Changes in operating assets and liabilities:					
Restricted deposits	-	-	172,721	-	172,721
Contracts, loans and other receivables	(72,227)	(1,343)	(168,751)	-	(242,321)
Due from affiliates	(729,719)	-	-	461,043	(268,676)
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	<u>170,657</u>	<u>(38,581)</u>	<u>(2,734)</u>	<u>472,329</u>	<u>601,671</u>
Cash Flows from Investing Activities:					
Issuance of notes receivable	(2,047,000)	-	-	-	(2,047,000)
Cash paid for projects under development	-	(338,435)	-	-	(338,435)
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 used in investing activities	<u>(1,791,611)</u>	<u>(338,435)</u>	<u>-</u>	<u>-</u>	<u>(2,130,046)</u>
Cash Flows from Financing Activities:					
Proceeds from sale of tax credits	2,047,000	-	-	-	2,047,000
Principal payments of mortgages and notes payable	(16,803)	(24,769)	-	-	(41,572)
Accounts payable and other liabilities	-	465,211	-	-	465,211
Due to affiliates	-	789,984	-	(472,329)	317,655
Net cash provided by financing activities	<u>2,030,197</u>	<u>1,230,426</u>	<u>-</u>	<u>(472,329)</u>	<u>2,788,294</u>
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	<u>\$ 2,785,269</u>	<u>\$ 1,210,545</u>	<u>\$ 152,824</u>	<u>\$ -</u>	<u>\$ 4,148,638</u>
Supplemental Disclosure of Cash Flow Information:					
Cash paid for interest - expensed	<u>\$ 26,649</u>	<u>\$ 43,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,687</u>
Cash paid for interest - capitalized	<u>\$ -</u>	<u>\$ 170,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,478</u>
Projects under development and property and equipment financed with construction payable	<u>\$ -</u>	<u>\$ 206,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,556</u>

Supplementary Combining Statement of Financial Position - Rental Programs
December 31, 2017

Assets	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total
Current Assets:											
Cash - operating	\$ 37,780	\$ 287,850	\$ 76,819	\$ 55,774	\$ 41,305	\$ 40,431	\$ 29,253	\$ 87,542	\$ 66,901	\$ -	\$ 723,655
Cash - development	-	-	-	-	-	-	-	236,736	90,664	381,480	708,880
Current portion of restricted deposits	59,729	46,119	8,708	11,476	8,328	42,098	44,965	75,481	15,289	-	312,193
Contracts, loans and other receivables	20,682	31,789	4,433	7,632	7,224	15,647	982	10,615	15,938	-	114,942
Due from affiliates	-	-	-	-	-	-	-	-	-	297,324	297,324
Prepaid expenses and other	29,180	33,028	11,876	1,386	8,887	7,600	3,516	57,743	6,722	-	159,938
Total current assets	147,371	398,786	101,836	76,268	65,744	105,776	78,716	468,117	195,514	678,804	2,316,932
Restricted Deposits, net of current portion	79,377	365,873	174,390	41,383	106,207	220,483	291,972	200,978	155,992	-	1,636,655
Capitalized Costs, net	-	-	-	-	-	12,647	20,234	36,222	25,899	-	95,002
Projects Under Development	-	-	-	-	-	-	-	-	-	10,557,785	10,557,785
Property and Equipment, net	2,059,365	2,889,978	1,021,945	1,462,207	8,379,863	8,034,495	8,509,537	18,131,085	8,961,755	-	59,450,230
Total assets	\$ 2,286,113	\$ 3,654,637	\$ 1,298,171	\$ 1,579,858	\$ 8,551,814	\$ 8,373,401	\$ 8,900,459	\$ 18,836,402	\$ 9,339,160	\$ 11,236,589	\$ 74,056,604
Liabilities and Net Assets											
Current Liabilities:											
Current portion of mortgages and notes payable	\$ 33,253	\$ 22,712	\$ -	\$ 19,803	\$ -	\$ 20,677	\$ 27,089	\$ 15,175	\$ 22,610	\$ -	\$ 161,319
Current portion of accrued interest	-	-	-	-	29,778	19,207	-	-	7,447	6,107	62,539
Current portion of construction payable	-	-	-	-	-	-	-	-	-	381,480	381,480
Accounts payable and other liabilities	54,004	52,995	27,212	35,465	32,832	62,396	92,935	53,570	53,499	-	464,908
Current portion of developer fee payable	-	-	-	-	-	-	-	-	410,429	-	410,429
Current portion of due to affiliates	-	-	-	-	-	20,010	14,240	149,623	-	-	183,873
Total current liabilities	87,257	75,707	27,212	55,268	62,610	122,290	134,264	218,368	493,985	387,587	1,664,548
Long-Term Liabilities:											
Mortgages and notes payable, net	1,699,526	801,033	-	177,200	6,315,628	1,261,008	1,285,420	1,675,930	1,553,785	2,231,103	17,000,633
Due to affiliates, net of current portion	84,170	-	94,626	76,201	32,738	-	137,919	27,321	10,150	-	463,125
Construction payable, net of current portion	-	-	-	-	49,586	-	-	-	-	1,461,747	1,511,333
Accrued interest, net of current portion	-	-	198,578	1,463,292	-	507,843	247	436,429	-	109,365	2,715,754
Developer fee payable, net of current portion	-	-	-	111,593	416,636	-	195,788	-	-	791,906	1,515,923
Contingent loans and advances	197,325	3,266,752	1,280,264	760,000	1,893,900	4,105,669	3,246,200	9,207,266	2,184,144	6,255,866	32,397,386
Total long-term liabilities	1,981,021	4,067,785	1,573,468	2,588,286	8,708,488	5,874,520	4,865,574	11,346,946	3,748,079	10,849,987	55,604,154
Total liabilities	2,068,278	4,143,492	1,600,680	2,643,554	8,771,098	5,996,810	4,999,838	11,565,314	4,242,064	11,237,574	57,268,702
Net Assets:											
Unrestricted:											
Operating	93,367	345,791	74,624	40,803	3,134	4,163	(22,417)	177,811	33,754	(985)	750,045
Property and equipment	(75,532)	(1,041,754)	(377,133)	(1,104,499)	(222,418)	2,372,428	3,923,038	7,093,277	5,063,342	-	15,630,749
Total unrestricted	17,835	(695,963)	(302,509)	(1,063,696)	(219,284)	2,376,591	3,900,621	7,271,088	5,097,096	(985)	16,380,794
Temporarily restricted	100,000	-	-	-	-	-	-	-	-	-	100,000
Permanently restricted - NW capital funds	100,000	207,108	-	-	-	-	-	-	-	-	307,108
Total net assets	217,835	(488,855)	(302,509)	(1,063,696)	(219,284)	2,376,591	3,900,621	7,271,088	5,097,096	(985)	16,787,902
Total liabilities and net assets	\$ 2,286,113	\$ 3,654,637	\$ 1,298,171	\$ 1,579,858	\$ 8,551,814	\$ 8,373,401	\$ 8,900,459	\$ 18,836,402	\$ 9,339,160	\$ 11,236,589	\$ 74,056,604

Supplementary Combining Statement of Financial Position - Rental Programs
December 31, 2016

Assets	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total
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	-	74,973
Due from affiliates	-	-	-	-	-	-	-	-	-	317,655	317,655
Prepaid expenses and other	27,549	32,042	5,861	1,560	2,045	7,151	3,285	53,291	4,010	-	136,794
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	163,076	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	2,089,346	2,978,777	1,084,345	1,507,222	2,249,481	8,257,806	8,720,708	18,619,435	9,148,110	-	54,655,230
Total assets	\$ 2,354,459	\$ 3,745,644	\$ 1,331,800	\$ 1,644,418	\$ 2,352,576	\$ 8,581,444	\$ 9,094,740	\$ 19,307,550	\$ 10,127,280	\$ 5,138,329	\$ 63,678,240
Liabilities and Net Assets											
Current Liabilities:											
Current portion of mortgages and notes payable	\$ 34,366	\$ 21,466	\$ -	\$ 18,105	\$ -	\$ 19,275	\$ 25,946	\$ 14,437	\$ 32,345	\$ -	\$ 165,940
Current portion of accrued interest	-	-	-	-	6,064	29,922	-	-	13,594	9,783	59,363
Current portion of construction payable	-	-	-	-	-	-	-	-	-	122,246	122,246
Accounts payable and other liabilities	38,848	49,333	32,460	19,329	27,029	38,586	99,853	62,680	66,430	-	434,548
Current portion of due to affiliates	-	-	-	-	-	22,103	9,500	-	5,000	-	36,603
Total current liabilities	73,214	70,799	32,460	37,434	33,093	109,886	135,299	77,117	117,369	132,029	818,700
Long-Term Liabilities:											
Mortgages and notes payable, net	1,726,374	823,746	-	196,955	1,622,334	1,278,014	1,308,162	1,690,034	5,657,765	3,007,268	17,310,652
Due to affiliates, net of current portion	99,771	-	94,626	76,201	38,705	-	120,910	176,944	-	-	607,157
Construction payable, net of current portion	-	-	-	-	-	-	-	-	42,233	-	42,233
Accrued interest, net of current portion	-	-	183,591	1,346,446	-	433,770	160	221,620	-	-	2,185,587
Developer fee payable, net of current portion	-	-	-	111,593	114,026	-	195,788	-	410,429	504,676	1,336,512
Contingent loans and advances	197,325	3,266,752	1,280,264	760,000	548,300	4,105,669	3,246,200	9,207,266	829,965	1,494,356	24,936,097
Total long-term liabilities	2,023,470	4,090,498	1,558,481	2,491,195	2,323,365	5,817,453	4,871,220	11,295,864	6,940,392	5,006,300	46,418,238
Total liabilities	2,096,684	4,161,297	1,590,941	2,528,629	2,356,458	5,927,339	5,006,519	11,372,981	7,057,761	5,138,329	47,236,938
Net Assets:											
Unrestricted:											
Operating	83,084	364,687	51,919	80,087	43,302	3,638	(36,595)	184,526	(28,831)	-	745,817
Property and equipment	(25,309)	(987,448)	(311,060)	(964,298)	(47,184)	2,650,467	4,124,816	7,750,043	3,098,350	-	15,288,377
Total unrestricted	57,775	(622,761)	(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	\$ 2,352,576	\$ 8,581,444	\$ 9,094,740	\$ 19,307,550	\$ 10,127,280	\$ 5,138,329	\$ 63,678,240

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Activities - Rental Programs
For the Year Ended December 31, 2017

	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total
Unrestricted Net Assets:											
Operating revenues:											
Rental income, net of vacancies	\$ 414,892	\$ 492,870	\$ 164,378	\$ 173,180	\$ 272,000	\$ 556,183	\$ 372,122	\$ 595,443	\$ 320,242	\$ -	\$ 3,361,310
Interest income and other	9,591	13,650	1,471	4,879	3,289	6,678	13,382	40,177	5,654	-	98,771
Total operating revenues	424,483	506,520	165,849	178,059	275,289	562,861	385,504	635,620	325,896	-	3,460,081
Operating expenses:											
Rental programs	389,793	454,398	131,830	151,838	390,072	506,264	370,278	584,424	339,947	985	3,319,829
Depreciation and amortization	74,630	125,324	62,400	62,774	100,619	240,831	249,155	499,868	235,113	-	1,650,714
Total operating expenses	464,423	579,722	194,230	214,612	490,691	747,095	619,433	1,084,292	575,060	985	4,970,543
Changes in unrestricted net assets from operations	(39,940)	(73,202)	(28,381)	(36,553)	(215,402)	(184,234)	(233,929)	(448,672)	(249,164)	(985)	(1,510,462)
Non-operating expenses:											
Deferred interest	-	-	(14,987)	(142,932)	-	(93,280)	(87)	(214,809)	-	-	(466,095)
Changes in unrestricted net assets	<u>\$ (39,940)</u>	<u>\$ (73,202)</u>	<u>\$ (43,368)</u>	<u>\$ (179,485)</u>	<u>\$ (215,402)</u>	<u>\$ (277,514)</u>	<u>\$ (234,016)</u>	<u>\$ (663,481)</u>	<u>\$ (249,164)</u>	<u>\$ (985)</u>	<u>\$ (1,976,557)</u>

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	\$ 165,371	\$ 172,865	\$ 25,655	\$ 552,336	\$ 366,345	\$ 594,403	\$ 84,093	\$ 2,873,308
Interest income and other	4,985	7,576	1,522	3,972	-	8,644	4,930	38,126	-	69,755
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	369,928	162,742	133,217	22,314	495,734	380,920	575,099	252,727	2,765,843
Depreciation and amortization	72,997	124,249	61,865	62,566	7,223	245,303	240,773	506,190	117,711	1,438,877
Total operating expenses	446,159	494,177	224,607	195,783	29,537	741,037	621,693	1,081,289	370,438	4,204,720
Changes in unrestricted net assets from operations	(22,542)	7,007	(57,714)	(18,946)	(3,882)	(180,057)	(250,418)	(448,760)	(286,345)	(1,261,657)
Non-operating expenses:										
Organizational costs	-	-	-	-	-	-	-	-	(64,644)	(64,644)
Rent-up and marketing	-	-	-	-	-	-	-	-	(85,316)	(85,316)
Deferred interest	-	-	(14,880)	(133,701)	-	(93,280)	(87)	(178,973)	-	(420,921)
Total non-operating expenses	-	-	(14,880)	(133,701)	-	(93,280)	(87)	(178,973)	(149,960)	(570,881)
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 Statements of Changes in Net Assets - Rental Programs
For the Years Ended December 31, 2017 and 2016

	<u>Shalom Properties, Inc.</u>	<u>Paz Properties, Inc.</u>	<u>Trinity House LLC</u>	<u>Siochain Properties LP</u>	<u>Paco Properties LLC</u>	<u>Stevens Corner LP</u>	<u>Benfield Farms LP</u>	<u>Sitkowski LP</u>	<u>Shoe Shop LP</u>	<u>Coppersmith LP</u>	<u>Total</u>
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	<u>(22,542)</u>	<u>7,007</u>	<u>(72,594)</u>	<u>(152,647)</u>	<u>(3,882)</u>	<u>(273,337)</u>	<u>(250,505)</u>	<u>(627,733)</u>	<u>(436,305)</u>	<u>-</u>	<u>(1,832,538)</u>
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
Capital contributions	-	-	-	-	-	-	46,416	-	2,276,741	-	2,323,157
Changes in net assets	<u>(39,940)</u>	<u>(73,202)</u>	<u>(43,368)</u>	<u>(179,485)</u>	<u>(215,402)</u>	<u>(277,514)</u>	<u>(234,016)</u>	<u>(663,481)</u>	<u>(249,164)</u>	<u>(985)</u>	<u>(1,976,557)</u>
Net Assets, December 31, 2017	<u>\$ 217,835</u>	<u>\$ (488,855)</u>	<u>\$ (302,509)</u>	<u>\$ (1,063,696)</u>	<u>\$ (219,284)</u>	<u>\$ 2,376,591</u>	<u>\$ 3,900,621</u>	<u>\$ 7,271,088</u>	<u>\$ 5,097,096</u>	<u>\$ (985)</u>	<u>\$ 16,787,902</u>

Supplementary Combining Statement of Cash Flows - Rental Programs
For the Year Ended December 31, 2017

	Shalom Properties, Inc.	Paz Properties, Inc.	Trinity House LLC	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total
Cash Flows from Operating Activities:											
Changes in net assets	\$ (39,940)	\$ (73,202)	\$ (43,368)	\$ (179,485)	\$ (215,402)	\$ (277,514)	\$ (234,016)	\$ (663,481)	\$ (249,164)	\$ (985)	\$ (1,976,557)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:											
Depreciation and amortization	74,630	125,324	62,400	62,774	100,619	240,831	249,155	499,868	235,113	-	1,650,714
Deferred interest	-	-	14,987	142,932	-	93,280	87	214,809	-	-	466,095
Bad debts	8,487	9,217	7,687	14,573	-	2,563	1,400	3,255	-	-	47,182
Interest - amortization expense	5,292	-	-	-	37,281	3,671	4,345	1,006	3,132	-	54,727
Changes in operating assets and liabilities:											
Restricted deposits	6,848	5,320	622	499	(5,128)	(998)	18,806	4	(3,769)	-	22,204
Contracts, loans and other receivables	(10,906)	(22,019)	(8,202)	(6,155)	(7,224)	(7,250)	(1,746)	(13,870)	(9,779)	-	(87,151)
Prepaid expenses and other	(1,631)	(986)	(6,015)	174	(6,842)	(449)	(231)	(4,452)	(2,712)	-	(23,144)
Accrued interest	-	-	-	-	23,714	(29,922)	-	-	(6,147)	-	(12,355)
Accounts payable and other liabilities	15,156	3,662	(5,248)	16,136	5,803	23,810	(6,918)	(9,110)	(12,931)	-	30,360
Due to affiliates	(15,601)	-	-	-	(5,967)	(2,093)	17,009	-	5,150	-	(1,502)
Net cash provided by (used in) operating activities	42,335	47,316	22,863	51,448	(73,146)	45,929	47,891	28,029	(41,107)	(985)	170,573
Cash Flows from Investing Activities:											
Cash paid for projects under development	-	-	-	-	-	-	-	-	-	(4,081,825)	(4,081,825)
Due from affiliates	-	-	-	-	-	-	-	-	-	20,331	20,331
(Increase) decrease in restricted deposits	63,804	(13,026)	(11,314)	(3,603)	(79,507)	(6,766)	(12,744)	(35,863)	(155,992)	-	(255,011)
Acquisition of property and equipment	(44,649)	(36,525)	-	(17,759)	(6,181,415)	(14,495)	(36,172)	(8,581)	(89,073)	-	(6,428,669)
Net cash provided by (used in) investing activities	19,155	(49,551)	(11,314)	(21,362)	(6,260,922)	(21,261)	(48,916)	(44,444)	(245,065)	(4,061,494)	(10,745,174)
Cash Flows from Financing Activities:											
Principal payments of mortgages and notes payable	(33,253)	(21,467)	-	(18,057)	-	(19,275)	(25,944)	(14,372)	(4,116,847)	(2,542,057)	(6,791,272)
Capital contributions	-	-	-	-	-	-	46,416	-	2,276,741	-	2,323,157
Payments on accrued interest	-	-	-	(26,086)	-	-	-	-	-	-	(26,086)
Developer fee payable	-	-	-	-	302,610	-	-	-	-	287,230	589,840
Due to affiliates	-	-	-	-	-	-	4,740	-	-	-	4,740
Proceeds from contingent loans and advances	-	-	-	-	1,345,600	-	-	-	1,354,179	4,761,510	7,461,289
Proceeds from mortgages and notes payable	-	-	-	-	4,656,013	-	-	-	-	1,765,892	6,421,905
Net cash provided by (used in) financing activities	(33,253)	(21,467)	-	(44,143)	6,304,223	(19,275)	25,212	(14,372)	(485,927)	4,272,575	9,983,573
Net Change in Cash	28,237	(23,702)	11,549	(14,057)	(29,845)	5,393	24,187	(30,787)	(772,099)	210,096	(591,028)
Cash:											
Beginning of year	9,543	311,552	65,270	69,831	71,150	35,038	5,066	355,065	929,664	171,384	2,023,563
End of year	\$ 37,780	\$ 287,850	\$ 76,819	\$ 55,774	\$ 41,305	\$ 40,431	\$ 29,253	\$ 324,278	\$ 157,565	\$ 381,480	\$ 1,432,535
Supplemental Disclosure of Cash Flow Information:											
Cash paid for interest - expensed	\$ 55,323	\$ 101,764	\$ -	\$ 12,816	\$ 208,955	\$ 124,392	\$ 60,360	\$ 98,499	\$ 110,316	\$ -	\$ 772,425
Cash paid for interest - capitalized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,482	\$ 125,482
Projects under development and property and equipment financed with construction payable	\$ -	\$ -	\$ -	\$ -	\$ 49,586	\$ -	\$ -	\$ -	\$ -	\$ 1,843,227	\$ 1,892,813
Mortgages and notes payable refinanced	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,630,540	\$ -	\$ 1,630,540
Debt issuance costs paid for by proceeds from mortgages and notes payable	\$ -	\$ -	\$ -	\$ -	\$ 168,681	\$ -	\$ -	\$ -	\$ 15,365	\$ -	\$ 184,046

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	Siochain Properties LP	Paco Properties LLC	Stevens Corner LP	Benfield Farms LP	Sitkowski LP	Shoe Shop LP	Coppersmith LP	Total
Cash Flows from Operating Activities:											
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)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:											
Depreciation and amortization	72,997	124,249	61,865	62,566	7,223	245,303	240,773	506,190	117,711	-	1,438,877
Deferred interest	-	-	14,880	133,701	-	93,280	87	178,973	-	-	420,921
Bad debts	3,995	2,532	10,176	570	-	927	-	464	-	-	18,664
Interest - amortization expense	5,291	-	-	-	-	3,671	4,345	503	917	-	14,727
Changes in operating assets and liabilities:											
Restricted deposits	(13,312)	(1,519)	(648)	491	(3,200)	1,362	(6,400)	(32,146)	(11,520)	-	(66,892)
Contracts, loans and other receivables	(11,419)	(11,490)	7,236	(8,391)	-	(464)	2,645	(203)	(6,159)	-	(28,245)
Prepaid expenses and other	1,453	(731)	6,015	282	(2,045)	192	2,039	(11,619)	(4,010)	-	(8,424)
Accrued interest	-	-	-	-	6,064	(25,301)	-	(3,694)	13,594	9,783	446
Accounts payable and other liabilities	(3,368)	(2,027)	(1,412)	(10,372)	27,029	1,030	38,120	(29,754)	89,430	-	108,676
Due to affiliates	9,170	-	-	-	38,705	7,694	10,610	-	5,000	-	71,179
Net cash provided by (used in) operating activities	42,265	118,021	25,518	26,200	69,894	54,357	41,714	(19,019)	(231,342)	9,783	137,391
Cash Flows from Investing Activities:											
Cash paid for projects under development	-	-	-	-	-	-	-	-	-	(4,527,044)	(4,527,044)
Due from affiliates	-	-	-	-	-	-	-	-	-	(317,655)	(317,655)
(Increase) decrease in restricted deposits	19,178	(13,714)	(11,750)	(3,604)	(26,700)	(14,215)	1,606	(51,978)	-	-	(101,177)
Acquisition of property and equipment	(37,129)	(19,174)	(4,498)	(1,281)	(2,320,858)	(4,913)	(160,443)	(42,120)	(5,758,775)	-	(8,349,191)
Net cash used in investing activities	(17,951)	(32,888)	(16,248)	(4,885)	(2,347,558)	(19,128)	(158,837)	(94,098)	(5,758,775)	(4,844,699)	(13,295,067)
Cash Flows from Financing Activities:											
Principal payments of mortgages and notes payable	(32,068)	(20,289)	-	(17,099)	-	(17,969)	(24,851)	(9,855,782)	-	-	(9,968,058)
Capital contributions	-	-	-	-	-	-	-	2,775,148	3,591,074	-	6,366,222
Cash paid for capitalized costs	-	-	-	-	-	-	-	-	(28,776)	-	(28,776)
Syndication fees	-	-	-	-	-	-	-	-	(85,250)	-	(85,250)
Developer fee payable	-	-	-	-	114,026	-	-	(408,167)	155,857	504,676	366,392
Due to affiliates	-	-	-	-	-	-	-	(219,198)	-	-	(219,198)
Proceeds from contingent loans and advances	-	-	-	-	548,300	-	-	3,384,060	729,965	1,494,356	6,156,681
Proceeds from mortgages and notes payable	-	-	-	-	1,686,488	-	-	1,750,000	2,163,178	3,007,268	8,606,934
Net cash provided by (used in) financing activities	(32,068)	(20,289)	-	(17,099)	2,348,814	(17,969)	(24,851)	(2,573,939)	6,526,048	5,006,300	11,194,947
Net Change in Cash	(7,754)	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	17,297	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	\$ 5,066	\$ 355,065	\$ 929,664	\$ 171,384	\$ 2,023,563
Supplemental Disclosure of Cash Flow Information:											
Cash paid for interest - expensed	\$ 53,749	\$ 46,919	\$ -	\$ 13,773	\$ 8,113	\$ 121,077	\$ 61,459	\$ 108,439	\$ 13,594	\$ -	\$ 427,123
Cash paid for interest - capitalized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,821	\$ 316,874	\$ 431,695
Projects under development and property and equipment financed with construction payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,233	\$ 122,246	\$ 164,479
Debt issuance costs paid for by proceeds from mortgages and notes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,186	\$ -	\$ 30,186
Projects under development placed in service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,972,871	\$ -	\$ 4,972,871

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Combining Statement of Functional Expenses - Rental Programs
For the Year Ended December 31, 2017

	<u>Shalom Properties, Inc.</u>	<u>Paz Properties, Inc.</u>	<u>Trinity House LLC</u>	<u>Siochain Properties LP</u>	<u>Paco Properties LLC</u>	<u>Stevens Corner LP</u>	<u>Benfield Farms LP</u>	<u>Sitkowski LP</u>	<u>Shoe Shop LP</u>	<u>Coppersmith</u>	<u>Total</u>
Personnel and Related:											
Consulting and contract labor	\$ 40,845	\$ 37,715	\$ 30,295	\$ 18,564	\$ 15,150	\$ 125,753	\$ 71,479	\$ 164,189	\$ 62,328	\$ -	\$ 566,318
Other:											
Interest expense and bank fees	60,615	101,764	-	12,816	270,280	98,141	65,041	99,505	107,301	-	815,463
Telephone and utilities	50,533	47,599	20,901	14,946	22,274	91,974	78,389	128,063	49,457	-	504,136
Insurance and taxes	72,753	75,833	18,540	26,183	51,489	52,375	50,899	76,924	37,956	-	462,952
Repairs, maintenance and security	76,046	92,405	29,561	28,427	12,484	34,801	42,711	48,225	11,655	-	376,315
Management fees	24,884	32,119	5,978	19,771	-	53,880	27,865	31,138	24,707	-	220,342
Professional fees	21,631	26,115	14,360	9,335	17,050	22,040	17,535	13,485	33,709	-	175,260
Supplies and general office	7,573	16,167	959	2,984	-	18,214	4,102	12,311	11,402	-	73,712
Program expenses	23,953	14,559	1,673	3,540	-	6,434	8,470	2,793	-	-	61,422
Bad debts	8,487	9,217	7,687	14,573	-	2,563	1,400	3,255	-	-	47,182
Miscellaneous	2,473	905	1,876	699	1,345	89	2,387	4,536	1,432	985	16,727
Total other	348,948	416,683	101,535	133,274	374,922	380,511	298,799	420,235	277,619	985	2,753,511
Total expenses before depreciation and amortization	389,793	454,398	131,830	151,838	390,072	506,264	370,278	584,424	339,947	985	3,319,829
Depreciation and Amortization	74,630	125,324	62,400	62,774	100,619	240,831	249,155	499,868	235,113	-	1,650,714
Total expenses	\$ 464,423	\$ 579,722	\$ 194,230	\$ 214,612	\$ 490,691	\$ 747,095	\$ 619,433	\$ 1,084,292	\$ 575,060	\$ 985	\$ 4,970,543

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	45,647	-	13,773	14,364	99,448	66,077	105,248	82,295	488,892
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	7,879	6,282	59,500
Program expenses	21,835	13,157	3,889	2,686	-	4,676	7,045	7,442	-	60,730
Bad debts	3,995	2,532	10,176	570	-	927	-	464	-	18,664
Miscellaneous	1,556	1,409	1,110	954	302	74	4,263	12,845	1,195	23,708
Total other	344,060	347,017	107,656	115,289	20,042	371,292	326,582	434,791	234,019	2,300,748
Total expenses before depreciation and amortization	373,162	369,928	162,742	133,217	22,314	495,734	380,920	575,099	252,727	2,765,843
Depreciation and Amortization	72,997	124,249	61,865	62,566	7,223	245,303	240,773	506,190	117,711	1,438,877
Total expenses	\$ 446,159	\$ 494,177	\$ 224,607	\$ 195,783	\$ 29,537	\$ 741,037	\$ 621,693	\$ 1,081,289	\$ 370,438	\$ 4,204,720

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Schedule of NeighborWorks® America's Restricted Net Assets
December 31, 2017

	<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	164,049	-	-	164,049
NOAH CDFI - loans receivable - Homeownership program	60,557	(17,651)	-	42,906
NOAH CDFI - loans receivable from Cutler Heights Housing LP	115,000	(115,000)	-	-
NOAH - loan receivable from Sitkowski LP	176,944	(27,321)	27,321	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>\$ 1,465,658</u>	<u>\$ (734,046)</u>	<u>\$ 601,395</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.