



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

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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December 31, 2018 and 2017

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Independent Auditor's Report

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

Report on the Consolidating Financial Statements

We have audited the accompanying consolidating financial statements of Neighborhood of Affordable Housing, Inc. (a Massachusetts corporation, not for profit) and Affiliates (collectively, NOAH and Affiliates) which comprise the consolidating statements of financial position as of December 31, 2018 and 2017, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Neighborhood of Affordable Housing, Inc. and Affiliates as of December 31, 2018 and 2017, 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 consolidating financial statements as a whole. The accompanying supplementary information shown on pages 42 through 48 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidating Financial Statements as a whole.

The accompanying supplementary schedule of NeighborWorks® America's restricted net assets as of December 31, 2018, shown on page 49, is presented for purposes of additional analysis and is not a required part of the basic consolidating financial statements. This schedule has not been subjected to the auditing procedures applied in the audit of the basic consolidating financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Boston, Massachusetts
May 23, 2019

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2018

(With Summarized Comparative Totals as of December 31, 2017)

Assets	2018					Total	2017 Total
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit A)	Eliminations		
Current Assets:							
Cash - operating	\$ 2,205,215	\$ 13,263	\$ 1,817	\$ 669,853	\$ -	\$ 2,890,148	\$ 3,404,114
Cash - development	2,565	1,845,324	-	610,608	-	2,458,497	936,632
Current portion of restricted deposits	-	-	18,658	397,501	-	416,159	578,794
Current portion of contracts, loans and other receivables	602,767	40,850	2,169	107,545	-	753,331	1,281,339
Current portion of due from affiliates	816,774	-	327,100	297,324	(1,441,198)	-	-
Prepaid expenses and other	5,181	914	1,220	149,237	-	156,552	167,565
Properties held for sale	-	5,227,000	-	-	-	5,227,000	-
Total current assets	3,632,502	7,127,351	350,964	2,232,068	(1,441,198)	11,901,687	6,368,444
Certificate of Deposit	115,691	-	-	-	-	115,691	115,344
Restricted Deposits, net of current portion	30,672	-	-	1,652,505	-	1,683,177	2,035,709
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts	-	-	39,857	-	-	39,857	40,788
Due from Affiliates, net of current portion and allowance for doubtful accounts	2,324,093	-	528,449	-	(2,852,542)	-	-
Capitalized Costs, net	-	-	-	85,312	-	85,312	95,002
Projects Under Development	-	5,641,830	-	23,443,796	(388,760)	28,696,866	13,956,441
Property and Equipment, net	52,743	1,964,932	-	63,014,814	(344,317)	64,688,172	61,233,615
Total assets	\$ 6,155,701	\$ 14,734,113	\$ 919,270	\$ 90,428,495	\$ (5,026,817)	\$ 107,210,762	\$ 83,845,343
Liabilities and Net Assets							
Current Liabilities:							
Current portion of mortgage and notes payable	\$ 19,532	\$ 6,480,458	\$ -	\$ 7,351,808	\$ -	\$ 13,851,798	\$ 207,731
Current portion of accrued interest	4,594	-	-	68,154	(19,207)	53,541	48,485
Current portion of construction payable	-	1,886,174	-	521,623	-	2,407,797	1,179,662
Accounts payable and other liabilities	216,403	29,674	1,000	548,461	-	795,538	1,139,687
Current portion of due to affiliates	-	975,006	-	446,985	(1,421,991)	-	-
Total current liabilities	240,529	9,371,312	1,000	8,937,031	(1,441,198)	17,108,674	2,575,565
Long-Term Liabilities:							
Mortgage and notes payable, net	640,029	991,089	-	24,245,625	-	25,876,743	19,806,003
Due to affiliates, net of current portion	45,000	1,960,066	186,234	3,320,770	(5,512,070)	-	-
Construction payable, net of current portion	-	205,983	-	1,273,813	-	1,479,796	1,966,915
Accrued interest, net of current portion	-	-	-	3,387,428	(498,741)	2,888,687	2,400,259
Contingent loans and advances	-	-	-	34,679,324	(7,504,211)	27,175,113	24,893,175
Total long-term liabilities	685,029	3,157,138	186,234	66,906,960	(13,515,022)	57,420,339	49,066,352
Total liabilities	925,558	12,528,450	187,234	75,843,991	(14,956,220)	74,529,013	51,641,917
Net Assets:							
Without donor restrictions:							
Operating	2,286,948	(15,497)	619,431	(192,225)	(123,247)	2,575,410	3,435,712
Development	1,768,460	-	-	-	(388,760)	1,379,700	1,147,630
Property and equipment	52,743	2,103,884	-	14,369,621	(7,327,612)	9,198,636	6,905,562
Total without donor restrictions	4,108,151	2,088,387	619,431	14,177,396	(7,839,619)	13,153,746	11,488,904
With donor restrictions	1,121,992	117,276	112,605	407,108	601,395	2,360,376	2,046,516
Total net assets attributable to NOAH	5,230,143	2,205,663	732,036	14,584,504	(7,238,224)	15,514,122	13,535,420
Non-controlling interests	-	-	-	-	17,167,627	17,167,627	18,668,006
Total net assets	5,230,143	2,205,663	732,036	14,584,504	9,929,403	32,681,749	32,203,426
Total liabilities and net assets	\$ 6,155,701	\$ 14,734,113	\$ 919,270	\$ 90,428,495	\$ (5,026,817)	\$ 107,210,762	\$ 83,845,343

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Financial Position
For the Year Ended December 31, 2017

Assets	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit B)	Eliminations	Total
Current Assets:						
Cash - operating	\$ 2,494,409	\$ 14,812	\$ 171,238	\$ 723,655	\$ -	\$ 3,404,114
Cash - development	122,551	105,201	-	708,880	-	936,632
Current portion of restricted deposits	-	-	266,601	312,193	-	578,794
Current portion of contracts, loans and other receivables	366,097	798,182	2,118	114,942	-	1,281,339
Current portion of due from affiliates	599,269	53,130	190,405	297,324	(1,140,128)	-
Prepaid expenses and other	5,426	899	1,302	159,938	-	167,565
Total current assets	<u>3,587,752</u>	<u>972,224</u>	<u>631,664</u>	<u>2,316,932</u>	<u>(1,140,128)</u>	<u>6,368,444</u>
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	1,458,088	-	251,944	-	(1,710,032)	-
Capitalized Costs, net	-	-	-	95,002	-	95,002
Projects Under Development	-	3,711,025	-	10,557,785	(312,369)	13,956,441
Property and Equipment, net	6,137	2,020,296	-	59,561,157	(353,975)	61,233,615
Total assets	<u>\$ 5,566,375</u>	<u>\$ 6,703,545</u>	<u>\$ 924,396</u>	<u>\$ 74,167,531</u>	<u>\$ (3,516,504)</u>	<u>\$ 83,845,343</u>
Liabilities and Net Assets						
Current Liabilities:						
Current portion of mortgage and notes payable	\$ 18,581	\$ 27,831	\$ -	\$ 161,319	\$ -	\$ 207,731
Current portion of accrued interest	4,594	559	-	62,539	(19,207)	48,485
Current portion of construction payable	-	798,182	-	381,480	-	1,179,662
Accounts payable and other liabilities	200,380	472,899	1,500	464,908	-	1,139,687
Current portion of due to affiliates	53,130	473,489	-	594,302	(1,120,921)	-
Total current liabilities	<u>276,685</u>	<u>1,772,960</u>	<u>1,500</u>	<u>1,664,548</u>	<u>(1,140,128)</u>	<u>2,575,565</u>
Long-Term Liabilities:						
Mortgage and notes payable, net	571,437	2,123,006	-	17,111,560	-	19,806,003
Due to affiliates, net of current portion	45,020	810,790	186,234	1,979,048	(3,021,092)	-
Construction payable, net of current portion	-	455,582	-	1,511,333	-	1,966,915
Accrued interest, net of current portion	-	-	-	2,715,754	(315,495)	2,400,259
Contingent loans and advances	-	-	-	32,397,386	(7,504,211)	24,893,175
Total long-term liabilities	<u>616,457</u>	<u>3,389,378</u>	<u>186,234</u>	<u>55,715,081</u>	<u>(10,840,798)</u>	<u>49,066,352</u>
Total liabilities	<u>893,142</u>	<u>5,162,338</u>	<u>187,734</u>	<u>57,379,629</u>	<u>(11,980,926)</u>	<u>51,641,917</u>
Net Assets:						
Without donor restrictions:						
Operating	2,398,965	68,282	624,057	150,867	193,541	3,435,712
Development	1,459,999	-	-	-	(312,369)	1,147,630
Property and equipment	6,137	1,355,649	-	16,229,927	(10,686,151)	6,905,562
Total without donor restrictions	<u>3,865,101</u>	<u>1,423,931</u>	<u>624,057</u>	<u>16,380,794</u>	<u>(10,804,979)</u>	<u>11,488,904</u>
With donor restrictions	808,132	117,276	112,605	407,108	601,395	2,046,516
Total net assets attributable to NOAH	<u>4,673,233</u>	<u>1,541,207</u>	<u>736,662</u>	<u>16,787,902</u>	<u>(10,203,584)</u>	<u>13,535,420</u>
Non-controlling interests	-	-	-	-	18,668,006	18,668,006
Total net assets	<u>4,673,233</u>	<u>1,541,207</u>	<u>736,662</u>	<u>16,787,902</u>	<u>8,464,422</u>	<u>32,203,426</u>
Total liabilities and net assets	<u>\$ 5,566,375</u>	<u>\$ 6,703,545</u>	<u>\$ 924,396</u>	<u>\$ 74,167,531</u>	<u>\$ (3,516,504)</u>	<u>\$ 83,845,343</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Activities
 For the Year Ended December 31, 2018
 (With Summarized Comparative Totals for the Year Ended December 31, 2017)

	2018					2017	
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit C)	Eliminations	Total	Total
Net Assets Without Donor Restrictions:							
Operating revenues:							
Rental income, net of vacancies	\$ 17,808	\$ 118,539	\$ -	\$ 3,741,921	\$ (102,722)	\$ 3,775,546	\$ 3,419,977
Project management and developer fees, net	680,001	-	-	-	1,189,317	1,869,318	1,115,519
Contracts, grants and other fees	1,573,410	-	-	-	-	1,573,410	1,049,625
Interest income and other, net	102,462	1,914	1,124	152,851	-	258,351	176,659
Property management fees, net	397,028	-	-	-	(384,666)	12,362	12,362
Net assets released from purpose restrictions	684,953	-	-	-	-	684,953	891,917
Total operating revenues	<u>3,455,662</u>	<u>120,453</u>	<u>1,124</u>	<u>3,894,772</u>	<u>701,929</u>	<u>8,173,940</u>	<u>6,666,059</u>
Operating expenses:							
Senior home repair	200,567	-	-	-	(6,453)	194,114	187,579
Housing counseling	705,756	-	-	-	(7,148)	698,608	246,350
Community services	611,429	-	-	-	(25,019)	586,410	596,216
Homebuyer services program	387,426	-	-	-	(19,075)	368,351	375,287
Real estate and economic development	426,377	-	-	-	(15,210)	411,167	468,694
Property management	303,555	-	-	-	(20,312)	283,243	269,436
Peace Properties	-	108,542	-	-	-	108,542	91,167
NOAH CDFI	-	-	5,750	-	-	5,750	12,315
Rental programs	-	-	-	3,854,508	(384,666)	3,469,842	2,887,533
General administration	246,373	-	-	-	(3,484)	242,889	294,706
Fundraising	219,935	-	-	-	(6,021)	213,914	140,575
Total operating expenses before depreciation and amortization	<u>3,101,418</u>	<u>108,542</u>	<u>5,750</u>	<u>3,854,508</u>	<u>(487,388)</u>	<u>6,582,830</u>	<u>5,569,858</u>
Depreciation and amortization	16,905	55,364	-	1,766,387	(9,658)	1,828,998	1,711,935
Total operating expenses	<u>3,118,323</u>	<u>163,906</u>	<u>5,750</u>	<u>5,620,895</u>	<u>(497,046)</u>	<u>8,411,828</u>	<u>7,281,793</u>
Changes in net assets without donor restrictions from operations	<u>337,339</u>	<u>(43,453)</u>	<u>(4,626)</u>	<u>(1,726,123)</u>	<u>1,198,975</u>	<u>(237,888)</u>	<u>(615,734)</u>
Non-operating revenue (expenses):							
Proceeds from sale of tax credits	3,797,500	-	-	-	-	3,797,500	5,275,625
Capital grants, net	-	796,807	-	-	-	796,807	878,400
Non-capitalized development costs	(11,529)	(88,898)	-	-	-	(100,427)	(324,054)
Deferred interest	-	-	-	(477,275)	183,246	(294,029)	(340,196)
Provision against due from affiliates	(82,760)	-	-	-	82,760	-	-
Provision against loans receivable	(3,797,500)	-	-	-	-	(3,797,500)	(4,000,625)
Total non-operating revenue (expenses)	<u>(94,289)</u>	<u>707,909</u>	<u>-</u>	<u>(477,275)</u>	<u>266,006</u>	<u>402,351</u>	<u>1,489,150</u>
Changes in net assets without donor restrictions	<u>243,050</u>	<u>664,456</u>	<u>(4,626)</u>	<u>(2,203,398)</u>	<u>1,464,981</u>	<u>164,463</u>	<u>873,416</u>
Net Assets With Donor Restrictions:							
Grants and contributions	998,813	-	-	-	-	998,813	754,023
Net assets released from purpose restrictions	(684,953)	-	-	-	-	(684,953)	(891,917)
Changes in net assets with donor restrictions	<u>313,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,860</u>	<u>(137,894)</u>
Changes in net assets	556,910	664,456	(4,626)	(2,203,398)	1,464,981	478,323	735,522
Changes to Net Assets Attributable to Non-Controlling Interests:							
Non-controlling interests	-	-	-	1,500,379	-	1,500,379	1,417,436
Changes in net assets attributable to NOAH	<u>\$ 556,910</u>	<u>\$ 664,456</u>	<u>\$ (4,626)</u>	<u>\$ (703,019)</u>	<u>\$ 1,464,981</u>	<u>\$ 1,978,702</u>	<u>\$ 2,152,958</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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

	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit D)	Eliminations	Total
Net Assets Without Donor Restrictions:						
Operating revenues:						
Rental income, net of vacancies	\$ 42,744	\$ 112,156	\$ -	\$ 3,361,310	\$ (96,233)	\$ 3,419,977
Project management and developer fees, net	1,125,278	-	-	-	(9,759)	1,115,519
Contracts, grants and other fees	1,049,625	-	-	-	-	1,049,625
Interest income and other, net	86,428	7	2,489	98,771	(11,036)	176,659
Property management fees, net	376,697	-	-	-	(364,335)	12,362
Net assets released from purpose restrictions	891,917	-	-	-	-	891,917
Total operating revenues	<u>3,572,689</u>	<u>112,163</u>	<u>2,489</u>	<u>3,460,081</u>	<u>(481,363)</u>	<u>6,666,059</u>
Operating expenses:						
Senior home repair	193,320	-	-	-	(5,741)	187,579
Housing counseling	251,636	-	-	-	(5,286)	246,350
Community services	619,356	-	-	-	(23,140)	596,216
Homebuyer services program	390,814	-	-	-	(15,527)	375,287
Real estate and economic development	489,620	-	-	-	(20,926)	468,694
Property management	285,611	-	-	-	(16,175)	269,436
Peace Properties	-	91,167	-	-	-	91,167
NOAH CDFI	-	-	12,315	-	-	12,315
Rental programs	-	-	-	3,262,482	(374,949)	2,887,533
General administration	298,165	-	-	-	(3,459)	294,706
Fundraising	146,554	-	-	-	(5,979)	140,575
Total operating expenses before depreciation and amortization	<u>2,675,076</u>	<u>91,167</u>	<u>12,315</u>	<u>3,262,482</u>	<u>(471,182)</u>	<u>5,569,858</u>
Depreciation and amortization	15,515	55,364	-	1,650,714	(9,658)	1,711,935
Total operating expenses	<u>2,690,591</u>	<u>146,531</u>	<u>12,315</u>	<u>4,913,196</u>	<u>(480,840)</u>	<u>7,281,793</u>
Changes in net assets without donor restrictions from operations	<u>882,098</u>	<u>(34,368)</u>	<u>(9,826)</u>	<u>(1,453,115)</u>	<u>(523)</u>	<u>(615,734)</u>
Non-operating revenue (expenses):						
Proceeds from sale of tax credits	5,275,625	-	-	-	-	5,275,625
Capital grants, net	72,500	805,900	-	-	-	878,400
Non-capitalized development costs	(324,054)	-	-	-	-	(324,054)
Deferred interest	-	-	-	(523,442)	183,246	(340,196)
Provision against loans receivable	(5,275,625)	-	-	-	1,275,000	(4,000,625)
Total non-operating revenue (expenses)	<u>(251,554)</u>	<u>805,900</u>	<u>-</u>	<u>(523,442)</u>	<u>1,458,246</u>	<u>1,489,150</u>
Changes in net assets without donor restrictions	<u>630,544</u>	<u>771,532</u>	<u>(9,826)</u>	<u>(1,976,557)</u>	<u>1,457,723</u>	<u>873,416</u>
Net Assets With Donor Restrictions:						
Grants and contributions	754,023	-	-	-	-	754,023
Valuation recovery of NW Funds	149,623	-	-	-	(149,623)	-
Net assets released from purpose restrictions	(891,917)	-	-	-	-	(891,917)
Changes in net assets with donor restrictions	<u>11,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,623)</u>	<u>(137,894)</u>
Changes in net assets	642,273	771,532	(9,826)	(1,976,557)	1,308,100	735,522
Changes to Net Assets Attributable to Non-Controlling Interests:						
Non-controlling interests	-	-	-	1,417,436	-	1,417,436
Changes in net assets attributable to NOAH	<u>\$ 642,273</u>	<u>\$ 771,532</u>	<u>\$ (9,826)</u>	<u>\$ (559,121)</u>	<u>\$ 1,308,100</u>	<u>\$ 2,152,958</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statements of Changes in Net Assets
For the Years Ended December 31, 2018 and 2017

	NOAH and Affiliates					Total	Non-Controlling Interest	Total
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit E)	Eliminations			
Net Assets, December 31, 2016	\$ 4,030,960	\$ 769,675	\$ 746,488	\$ 16,441,302	\$ (10,605,963)	\$ 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>642,273</u>	<u>771,532</u>	<u>(9,826)</u>	<u>(1,976,557)</u>	<u>2,725,536</u>	<u>2,152,958</u>	<u>(1,417,436)</u>	<u>735,522</u>
Net Assets, December 31, 2017	4,673,233	1,541,207	736,662	16,787,902	(10,203,584)	13,535,420	18,668,006	32,203,426
Changes in net assets	<u>556,910</u>	<u>664,456</u>	<u>(4,626)</u>	<u>(2,203,398)</u>	<u>2,965,360</u>	<u>1,978,702</u>	<u>(1,500,379)</u>	<u>478,323</u>
Net Assets, December 31, 2018	<u>\$ 5,230,143</u>	<u>\$ 2,205,663</u>	<u>\$ 732,036</u>	<u>\$ 14,584,504</u>	<u>\$ (7,238,224)</u>	<u>\$ 15,514,122</u>	<u>\$ 17,167,627</u>	<u>\$ 32,681,749</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018						2017					
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs	Eliminations	Total	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs	Eliminations	Total
Cash Flows from Operating Activities:												
Changes in net assets	\$ 556,910	\$ 664,456	\$ (4,626)	\$ (2,203,398)	\$ 1,464,981	\$ 478,323	\$ 642,273	\$ 771,532	\$ (9,826)	\$ (1,976,557)	\$ 1,308,100	\$ 735,522
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:												
Depreciation and amortization	16,905	55,364	-	1,766,387	(9,658)	1,828,998	15,515	55,364	-	1,650,714	(9,658)	1,711,935
Deferred interest	-	-	-	477,275	(183,246)	294,029	-	-	-	466,095	(183,246)	282,849
Bad debts	-	-	-	123,376	-	123,376	26,443	-	3,462	47,182	-	77,087
Interest - amortization expense	1,000	1,207	-	35,737	-	37,944	1,000	1,206	-	54,727	-	56,933
Provision against loans receivable	3,797,500	-	-	-	-	3,797,500	5,275,625	-	-	-	(1,275,000)	4,000,625
Valuation recovery of NW Funds	-	-	-	-	-	-	(149,623)	-	-	-	149,623	-
Capital grants, net	-	(796,807)	-	-	-	(796,807)	(72,500)	(805,900)	-	-	-	(878,400)
Proceeds from sale of tax credits	(3,797,500)	-	-	-	-	(3,797,500)	(5,275,625)	-	-	-	-	(5,275,625)
Non-capitalized development costs	11,529	88,898	-	-	-	100,427	324,054	-	-	-	-	324,054
Changes in operating assets and liabilities:												
Restricted deposits	368,382	-	247,943	(85,308)	-	531,017	-	3,573	45,224	22,204	-	71,001
Contracts, loans and other receivables	(236,670)	300,147	880	(115,979)	-	(51,622)	(198,606)	(302,107)	43,381	(87,151)	-	(544,483)
Due from affiliates	(616,504)	53,130	(413,200)	-	976,574	-	(173,136)	(53,130)	(64,510)	-	290,776	-
Prepaid expenses and other	245	(15)	82	10,701	-	11,013	(232)	48	(37)	(23,144)	-	(23,365)
Accounts payable and other liabilities	16,023	21,986	(500)	83,553	-	121,062	14,830	7,688	720	30,360	-	53,598
Due to affiliates	-	-	-	616,504	(616,504)	-	53,150	-	-	(1,502)	(51,648)	-
Accrued interest	-	(559)	-	(46,867)	-	(47,426)	(6,709)	(7,137)	-	(12,355)	29,673	3,472
Net cash provided by (used in) operating activities	<u>117,820</u>	<u>387,807</u>	<u>(169,421)</u>	<u>661,981</u>	<u>1,632,147</u>	<u>2,630,334</u>	<u>476,459</u>	<u>(328,863)</u>	<u>18,414</u>	<u>170,573</u>	<u>258,620</u>	<u>595,203</u>
Cash Flows from Investing Activities:												
Issuance of loans receivable	(3,797,500)	-	-	-	-	(3,797,500)	(5,275,625)	-	-	-	1,275,000	(4,000,625)
Cash paid for projects under development	-	(6,319,412)	-	(12,983,388)	76,391	(19,226,409)	-	(1,498,927)	-	(4,081,825)	312,369	(5,268,383)
Due from affiliates	(467,006)	-	-	-	467,006	-	-	-	-	20,331	(20,331)	-
Increase in restricted deposits	-	-	-	(15,850)	-	(15,850)	(372,184)	-	-	(255,011)	-	(627,195)
Interest earned on certificate of deposit	(347)	-	-	-	-	(347)	(345)	-	-	-	-	(345)
Cash paid for non-capitalized development costs	(11,529)	(88,898)	-	-	-	(100,427)	(324,054)	-	-	-	-	(324,054)
Acquisition of property and equipment	(63,511)	-	-	(5,210,354)	-	(5,273,865)	(3,024)	(8,246)	-	(6,428,669)	-	(6,439,939)
Net cash used in investing activities	<u>(4,339,893)</u>	<u>(6,408,310)</u>	<u>-</u>	<u>(18,209,592)</u>	<u>543,397</u>	<u>(28,414,398)</u>	<u>(5,975,232)</u>	<u>(1,507,173)</u>	<u>-</u>	<u>(10,745,174)</u>	<u>1,567,038</u>	<u>(16,660,541)</u>
Cash Flows from Financing Activities:												
Principal payments on mortgage and notes payable	(18,564)	(27,194)	-	(162,042)	-	(207,800)	(17,661)	(26,005)	-	(6,791,272)	-	(6,834,938)
Payments on accrued interest	-	-	-	246,881	-	246,881	-	-	-	(26,086)	-	(26,086)
Due to affiliates	(53,150)	1,650,793	-	577,901	(2,175,544)	-	-	(43,922)	-	594,580	(550,658)	-
Capital grants received	-	788,781	-	-	-	788,781	72,500	307,595	-	-	-	380,095
Capital contributions	-	-	-	-	-	-	-	-	-	2,323,157	-	2,323,157
Proceeds from sale of tax credits	3,797,500	-	-	-	-	3,797,500	5,275,625	-	-	-	-	5,275,625
Proceeds from contingent loans and advances	-	-	-	2,281,939	-	2,281,939	-	-	-	7,461,289	(1,275,000)	6,186,289
Proceeds from mortgage and notes payable	87,107	5,346,697	-	14,450,858	-	19,884,662	-	507,836	-	6,421,905	-	6,929,741
Net cash provided by financing activities	<u>3,812,893</u>	<u>7,759,077</u>	<u>-</u>	<u>17,395,537</u>	<u>(2,175,544)</u>	<u>26,791,963</u>	<u>5,330,464</u>	<u>745,504</u>	<u>-</u>	<u>9,983,573</u>	<u>(1,825,658)</u>	<u>14,233,883</u>
Net Change in Cash	<u>(409,180)</u>	<u>1,738,574</u>	<u>(169,421)</u>	<u>(152,074)</u>	<u>-</u>	<u>1,007,899</u>	<u>(168,309)</u>	<u>(1,090,532)</u>	<u>18,414</u>	<u>(591,028)</u>	<u>-</u>	<u>(1,831,455)</u>
Cash:												
Beginning of year	2,616,960	120,013	171,238	1,432,535	-	4,340,746	2,785,269	1,210,545	152,824	2,023,563	-	6,172,201
End of year	<u>\$ 2,207,780</u>	<u>\$ 1,858,587</u>	<u>\$ 1,817</u>	<u>\$ 1,280,461</u>	<u>\$ -</u>	<u>\$ 5,348,645</u>	<u>\$ 2,616,960</u>	<u>\$ 120,013</u>	<u>\$ 171,238</u>	<u>\$ 1,432,535</u>	<u>\$ -</u>	<u>\$ 4,340,746</u>
Supplemental Disclosure of Cash Flow Information:												
Cash paid for interest - expensed	<u>\$ 30,771</u>	<u>\$ 40,189</u>	<u>\$ -</u>	<u>\$ 723,479</u>	<u>\$ -</u>	<u>\$ 794,439</u>	<u>\$ 38,382</u>	<u>\$ 47,955</u>	<u>\$ -</u>	<u>\$ 772,425</u>	<u>\$ -</u>	<u>\$ 858,762</u>
Cash paid for interest - capitalized	<u>\$ -</u>	<u>\$ 66,162</u>	<u>\$ -</u>	<u>\$ 308,438</u>	<u>\$ -</u>	<u>\$ 374,600</u>	<u>\$ -</u>	<u>\$ 16,069</u>	<u>\$ -</u>	<u>\$ 125,482</u>	<u>\$ -</u>	<u>\$ 141,551</u>
Projects under development and property and equipment financed with construction payable	<u>\$ -</u>	<u>\$ 2,092,157</u>	<u>\$ -</u>	<u>\$ 1,795,436</u>	<u>\$ -</u>	<u>\$ 3,887,593</u>	<u>\$ -</u>	<u>\$ 1,253,764</u>	<u>\$ -</u>	<u>\$ 1,892,813</u>	<u>\$ -</u>	<u>\$ 3,146,577</u>
Mortgage and notes payable refinanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,831</u>	<u>\$ -</u>	<u>\$ 1,630,540</u>	<u>\$ -</u>	<u>\$ 2,227,371</u>
Debt issuance costs paid for by proceeds from mortgage and notes payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,046</u>	<u>\$ -</u>	<u>\$ 184,046</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2018

(With Summarized Comparative Totals for the Year Ended December 31, 2017)

	2018												2017		
	NOAH, Inc.												Total	Total	
	Program Services			Supporting Services			Total NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit F)	Eliminations				
Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	General Adminis- tration						Fundraising			
Personnel and Related:															
Salaries	\$ 73,899	\$ 105,189	\$ 323,690	\$ 227,441	\$ 278,466	\$ 107,976	\$ 62,222	\$ 105,938	\$ 1,284,821	\$ -	\$ -	\$ -	\$ -	\$ 1,284,821	\$ 1,270,135
Consulting and contract labor	9,070	40	4,391	2,400	57,017	119,041	23,535	-	215,494	-	-	619,148	-	834,642	774,525
Employee benefits	22,648	14,092	34,003	47,070	21,261	7,418	22,812	13,713	183,017	-	-	-	-	183,017	183,751
Payroll taxes	6,372	8,314	27,842	19,472	20,880	8,890	4,878	8,429	105,077	-	-	-	-	105,077	104,476
Total personnel and related	111,989	127,635	389,926	296,383	377,624	243,325	113,447	128,080	1,788,409	-	-	619,148	-	2,407,557	2,332,887
Other:															
Interest expense	-	-	-	-	-	-	31,771	-	31,771	40,837	-	959,230	-	1,031,838	832,211
Program expenses	60,242	549,759	150,781	21,824	2,295	6,329	3,896	-	795,126	-	-	44,343	-	839,469	476,261
Telephone and utilities	2,650	6,682	5,625	5,741	4,228	8,327	1,091	1,353	35,697	-	-	588,554	-	624,251	532,659
Insurance and taxes	9,058	942	2,981	5,142	2,704	3,187	11,322	1,016	36,352	7,120	2,686	551,841	-	597,999	510,861
Repairs, maintenance and security	2,190	2,425	8,503	6,725	5,515	7,622	1,121	10,157	44,258	-	-	488,379	(284,482)	248,155	179,917
Professional fees	3,282	5,153	13,620	11,477	9,683	5,686	50,012	3,979	102,892	5,900	2,800	126,127	-	237,719	247,346
Management fees	-	-	-	-	-	-	-	-	-	-	-	240,541	(100,184)	140,357	138,039
Bad debts	-	-	-	-	-	-	-	-	-	-	-	123,376	-	123,376	77,087
Supplies and general office	843	1,470	3,793	7,709	4,981	5,774	11,635	1,476	37,681	-	45	53,339	-	91,065	80,838
Miscellaneous	-	-	-	580	48	35	716	10,308	11,687	11,683	54	59,630	-	83,054	43,076
Special events	-	-	-	-	-	-	-	53,974	53,974	-	-	-	-	53,974	13,284
Facility	6,453	7,148	25,019	19,075	15,210	20,312	3,483	6,021	102,721	43,002	-	-	(102,722)	43,001	36,620
Travel and conferences	2,850	3,318	6,683	6,066	2,847	1,981	8,385	2,470	34,600	-	-	-	-	34,600	38,426
Dues and subscriptions	139	154	712	764	569	434	8,844	509	12,125	-	165	-	-	12,290	12,806
Advertising	738	922	3,271	5,557	360	127	581	469	12,025	-	-	-	-	12,025	15,440
Equipment rental and purchases	133	148	515	383	313	416	69	123	2,100	-	-	-	-	2,100	2,100
Total other	88,578	578,121	221,503	91,043	48,753	60,230	132,926	91,855	1,313,009	108,542	5,750	3,235,360	(487,388)	4,175,273	3,236,971
Total expenses before depreciation and amortization	200,567	705,756	611,429	387,426	426,377	303,555	246,373	219,935	3,101,418	108,542	5,750	3,854,508	(487,388)	6,582,830	5,569,858
Depreciation and Amortization	753	834	2,925	2,211	1,776	2,369	5,313	724	16,905	55,364	-	1,766,387	(9,658)	1,828,998	1,711,935
Total expenses	\$ 201,320	\$ 706,590	\$ 614,354	\$ 389,637	\$ 428,153	\$ 305,924	\$ 251,686	\$ 220,659	\$ 3,118,323	\$ 163,906	\$ 5,750	\$ 5,620,895	\$ (497,046)	\$ 8,411,828	\$ 7,281,793

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2017

	NOAH, Inc.												Eliminations	Total
	Program Services						Supporting Services		Total NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit G)		
	Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	General Adminis- tration	Fundraising						
Personnel and Related:														
Salaries	\$ 70,223	\$ 69,808	\$ 276,718	\$ 236,683	\$ 293,816	\$ 140,567	\$ 122,032	\$ 60,288	\$ 1,270,135	\$ -	\$ -	\$ -	\$ -	\$ 1,270,135
Consulting and contract labor	18,297	-	11,200	4,170	77,936	64,726	7,348	-	183,677	-	-	590,848	-	774,525
Employee benefits	21,332	6,030	25,341	49,863	27,006	9,732	27,268	17,179	183,751	-	-	-	-	183,751
Payroll taxes	5,999	5,711	24,468	20,316	22,112	11,571	5,003	9,296	104,476	-	-	-	-	104,476
Total personnel and related	115,851	81,549	337,727	311,032	420,870	226,596	161,651	86,763	1,742,039	-	-	590,848	-	2,332,887
Other:														
Interest expense	-	-	-	-	-	-	32,673	-	32,673	42,025	-	757,513	-	832,211
Program expenses	49,227	154,051	202,788	12,975	2,204	1,260	-	-	422,505	-	-	53,756	-	476,261
Telephone and utilities	2,341	985	5,346	5,076	4,454	8,567	720	1,186	28,675	-	-	503,984	-	532,659
Insurance and taxes	8,780	703	2,792	6,264	3,022	3,902	11,569	1,247	38,279	6,931	2,699	462,952	-	510,861
Repairs, maintenance and security	1,994	1,588	8,534	5,819	5,084	6,403	2,528	15,322	47,272	-	-	408,387	(275,742)	179,917
Professional fees	3,161	3,666	11,898	11,740	28,678	7,206	34,256	4,236	104,841	4,230	5,800	132,475	-	247,346
Management fees	-	-	-	-	-	-	-	-	-	-	-	237,246	(99,207)	138,039
Bad debts	-	-	-	-	-	-	26,443	-	26,443	-	3,462	47,182	-	77,087
Supplies and general office	506	700	3,837	2,746	4,410	5,079	10,835	1,824	29,937	-	-	50,901	-	80,838
Miscellaneous	-	-	3,876	880	5,295	273	2,514	11,435	24,273	1,361	204	17,238	-	43,076
Special events	-	-	-	-	-	-	-	13,284	13,284	-	-	-	-	13,284
Facility	7,124	6,255	29,373	19,812	1,390	21,010	5,569	5,700	96,233	36,620	-	-	(96,233)	36,620
Travel and conferences	2,837	934	6,459	5,149	13,152	3,898	1,178	4,819	38,426	-	-	-	-	38,426
Dues and subscriptions	205	163	1,721	831	747	658	7,805	526	12,656	-	150	-	-	12,806
Advertising	1,167	940	4,442	8,100	-	341	360	90	15,440	-	-	-	-	15,440
Equipment rental and purchases	127	102	563	390	314	418	64	122	2,100	-	-	-	-	2,100
Total other	77,469	170,087	281,629	79,782	68,750	59,015	136,514	59,791	933,037	91,167	12,315	2,671,634	(471,182)	3,236,971
Total expenses before depreciation and amortization	193,320	251,636	619,356	390,814	489,620	285,611	298,165	146,554	2,675,076	91,167	12,315	3,262,482	(471,182)	5,569,858
Depreciation and Amortization	930	810	3,598	2,317	2,545	2,819	1,693	803	15,515	55,364	-	1,650,714	(9,658)	1,711,935
Total expenses	\$ 194,250	\$ 252,446	\$ 622,954	\$ 393,131	\$ 492,165	\$ 288,430	\$ 299,858	\$ 147,357	\$ 2,690,591	\$ 146,531	\$ 12,315	\$ 4,913,196	\$ (480,840)	\$ 7,281,793

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

1. OPERATIONS AND NONPROFIT STATUS

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Combination

The consolidating financial statements include the net assets of NOAH and Affiliates. The Affiliates include NOAH Community Development Fund, Inc. (NCDFI), 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 3). NOAH and Affiliates share common management, facilities and Board membership.

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

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

Accounting Principle Adoptions

During 2018, NOAH and Affiliates adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU modified the current guidance over several criteria, of which the following affected NOAH and Affiliates' consolidating financial statements:

- Net assets are segregated into two categories, "with donor restrictions" and "without donor restrictions", as opposed to the previous requirement of three classes of net assets (see pages 13 through 14).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principle Adoptions (Continued)

- Qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the consolidating statement of financial position date (see Note 19).
- An explanation of the methods used to allocate costs among program and supporting functions (see page 16).
- Placed-in-service approach to report expirations of restricted gifts for acquiring or constructing long-lived assets (see pages 13 through 14).

The adoption of this ASU did not impact NOAH and Affiliates' net asset balance, change in net assets, or cash flows for the year ended December 31, 2017.

During 2018, NOAH and Affiliates also adopted the FASB's ASU 2016-01, *Financial Instruments - Overall (Topic 825): Recognition and Measurements of Financial Assets and Financial Liabilities*, removing the requirement to disclose the fair value of NOAH and Affiliates' consolidating financial assets and liabilities. NOAH and Affiliates have used the retrospective approach for all periods presented.

Estimates

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

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 consolidating 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 5).

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

Contracts, Loans and Other Receivables and Allowance for Doubtful Accounts

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties Held for Sale

Properties held for sale consist of real property (ownership condo units) held by NOAH and Affiliates that is currently marketed for sale by a third party real estate agency. These properties are part of the Coppersmith Condo Project (see Note 6) and were sold during April and May 2019 (see Note 6).

Projects Under Development

All project-related costs considered to be recoverable incurred during construction are capitalized for developments currently owned by NOAH and Affiliates as of December 31, 2018 and 2017. These include construction, soft costs, overhead, interest, and other costs and are reflected as projects under development (see Note 6) in the accompanying consolidating financial statements. During 2018 and 2017, NOAH and Affiliates recorded expenses totaling \$100,427 and \$324,054, respectively, related to the Coppersmith Condo Project (see Note 6) that were deemed non-recoverable, which are reflected as non-capitalized development costs in the accompanying consolidating statements of activities.

Property and 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 7). Depreciation is calculated using the straight-line method over the following estimated useful lives:

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

Depreciation expense for the years ended December 31, 2018 and 2017, was \$1,819,308 and \$1,702,243, respectively, and is included in depreciation and amortization in the accompanying consolidating financial statements.

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 2018 and 2017. As of December 31, 2018 and 2017, 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 8).

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 11).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

2. 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 net assets without donor restrictions and net assets with donor restrictions depending on the existence and nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statements of activities as net assets released from restrictions.

Net Asset Classifications

Net Assets Without Donor Restrictions

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

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

Net Assets With Donor Restrictions

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications (Continued)

Net Assets With Donor Restrictions (Continued)

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

- *Perpetual in nature* net assets represent capital grant proceeds from NeighborWorks® America (NWA). 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, NWA funds are reduced by a valuation allowance. When valuation allowances are reduced by later recoveries or because collection is assured, NWA restricted net assets will be increased.

NWA's net assets with donor restrictions were as follows as of December 31, 2018 and 2017:

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

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

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

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Program and initiatives:		
Community services	\$ 546,560	\$ 329,037
Homebuyer and homeowner services	380,808	284,472
Rental housing	<u>100,000</u>	<u>100,000</u>
	1,027,369	713,509
Perpetually restricted:		
NWA capital grants (see above)	<u>1,333,007</u>	<u>1,333,007</u>
	<u>\$ 2,360,376</u>	<u>\$ 2,046,516</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

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

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

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

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

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

Income Taxes

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

The General Partners and Managing Members had, for Federal and state income tax purposes, net operating loss carryforwards (NOLs) of approximately \$66,000 and \$54,000, respectively, available to offset future taxable income as of December 31, 2018. The General Partners and Managing Members had, for Federal and state income tax purposes, NOLs of approximately \$54,000 and \$44,000, respectively, available to offset future taxable income as of December 31, 2017. Federal and state NOLs incurred before 2018 may be carried forward for twenty years following the year of loss. These carryforwards expire at various times through 2037. NOLs incurred after 2017 do not expire. The General Partners' and Managing Members' potential tax benefits of 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 consolidating financial statements for the LPs and LLCs (see page 10), as the income, loss, and credits are reported by the partners on their respective income tax returns.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

NOAH and Affiliates account for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. NOAH and Affiliates have determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2018 and 2017. NOAH and Affiliates' income taxes are subject to examination by the appropriate taxing jurisdictions.

Expense Allocation

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

Subsequent Events

Subsequent events have been evaluated through May 23, 2019, which is the date the consolidating financial statements were available to be issued. See Notes 6 and 18 for events that have met the criteria for disclosure and recognition in the consolidating financial statements.

Consolidating Statements of Activities

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

3. RELATED PARTY TRANSACTIONS

Consolidating Entities

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

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 13).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidating Entities (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 10).

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, 2018, Paco had purchased fifteen properties with a total of 45 units.

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

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

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidating Entities (Continued)

Rental Programs (Continued)

Shoe Shop Limited Partnership (Shoe Shop), a Massachusetts limited partnership, owns and operates 25 units of affordable housing for low-income individuals in Middleborough, Massachusetts. Shoe Shop is treated as a partnership for income tax purposes.

The investor limited partner 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, the investor limited partner made capital contribution payments of \$2,276,741. There were no payments made during 2018. The remaining installments totaling \$404,323 are expected to be paid in 2019, 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 6). Coppersmith acquired the land from Peace Properties (see Note 6).

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 consolidating financial statements.

Unconsolidated Entity

NOAH and Affiliates' consolidating 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 \$12,362 in management fees for the years ended December 31, 2018 and 2017. There was \$7,210 and \$1,030 due from the Trust at December 31, 2018 and 2017, respectively.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

3. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties

Guarantees

NOAH has issued guarantees to fund various partnership operating deficits, if the general partner fails to make any operating deficit contributions during the period before the partnership achieves five consecutive twelve-month periods of break-even operations as specified in the agreement. NOAH has unlimited liability related to Coppersmith, and its liability is limited as follows:

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 as of December 31:

	<u>2018</u>	<u>2017</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	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	7,504,211
Less - valuation allowance	<u>7,504,211</u>	<u>7,504,211</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 2019 and 2018 based on 2018 and 2017 cash flows, respectively.

Property Management Services

NOAH performs property management services for NOAH's related rental property entities. These properties are directly billed management fees for NOAH's staff assigned to the property, along with related expenses.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

3. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties (Continued)

Property Management Services (Continued)

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

	<u>2018</u>	<u>2017</u>
Paz	\$ 146,629	\$ 139,648
Shalom	112,484	106,035
Siochain	46,454	44,244
Trinity House	34,120	32,495
Paco	34,046	16,903
Benfield	5,628	5,464
Shoe Shop	5,305	10,150
Stevens Corner	-	20,010
	<u>384,666</u>	<u>374,949</u>
Less - allowance for uncollectible property management fees earned	<u>-</u>	<u>10,614</u>
	<u>\$ 384,666</u>	<u>\$ 364,335</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 Rental Programs' projects. Total fees earned for the years ended December 31, 2018 and 2017, net of allowance, were as follows:

	<u>2018</u>	<u>2017</u>
Coppersmith (see Note 6)	\$ 1,570,709	\$ 875,724
Paco	375,000	525,000
Shalom	-	27,164
	<u>1,945,709</u>	<u>1,427,888</u>
Developer fees, gross	1,945,709	1,427,888
Less - allowance for bad debt	<u>(1,265,708)</u>	<u>(302,610)</u>
Developer fees, net	680,001	1,125,278
Add - elimination for doubtful accounts	1,265,708	302,610
Less - elimination of developer fee profits	<u>(76,391)</u>	<u>(312,369)</u>
	<u>\$ 1,869,318</u>	<u>\$ 1,115,519</u>

Rental Fees

Peace Properties charges NOAH rent for the usage of space. Total rent charged for the years ended December 31, 2018 and 2017, was \$102,722 and \$96,233, respectively.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

3. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties (Continued)

Other Transactions

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

	2018					Total
	NOAH	Peace Properties	NOAH CDFI	Rental Programs	Allowance for Doubtful Accounts	
NOAH receivable	\$ -	\$ 2,014,766	\$ 186,234	\$ 4,013,946	\$ (3,074,079)	\$ 3,140,867
NOAH CDFI receivable	45,000	557,572	-	252,977	-	855,549
Coppersmith receivable	-	297,324	-	-	-	297,324
Peace Properties receivable	-	-	-	18,780	(18,780)	-
Stevens Corner receivable	-	65,410	-	-	(65,410)	-
Subtotal	45,000	2,935,072	186,234	4,285,703	(3,158,269)	4,293,740
Less - current portion	-	975,006	-	466,192	-	1,441,198
	<u>\$ 45,000</u>	<u>\$ 1,960,066</u>	<u>\$ 186,234</u>	<u>\$ 3,819,511</u>	<u>\$ (3,158,269)</u>	<u>\$ 2,852,542</u>
	2017					
	NOAH	Peace Properties	NOAH CDFI	Rental Programs	Allowance for Doubtful Accounts	Total
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	53,130	473,489	-	613,509	-	1,140,128
	<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>

4. 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 June 2019. The fair value of the CD, which approximates the cost basis, was \$115,691 and \$115,344 as of December 31, 2018 and 2017, respectively. This CD is collateral for the NeighborWorks® Salt Lake (NWSL) 2012 AHMI Fund, LLC note payable (see Note 11), and management intends to continue to renew the CD through the earliest of either the full payment of the note payable, or the extended maturity date of May 15, 2024. Accordingly, this CD is reflected as a non-current asset in the accompanying consolidating statements of financial position.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

5. RESTRICTED DEPOSITS

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

	<u>2018</u>	<u>2017</u>
NOAH, Inc.		
Restricted cash - current development projects	\$ 5,672	\$ 374,054
Loan loss reserve	<u>25,000</u>	<u>25,000</u>
Total NOAH, Inc.	<u>30,672</u>	<u>399,054</u>
NOAH CDFI:		
Revolving loan fund capital	<u>18,658</u>	<u>266,601</u>
Rental Programs:		
Shalom Properties, Inc.:		
Replacement reserve	89,252	79,377
Operating escrows	33,935	31,336
Tenant security deposit	<u>30,415</u>	<u>28,393</u>
Sub-total Shalom Properties, Inc.	<u>153,602</u>	<u>139,106</u>
Paz Properties, Inc.:		
Replacement reserve	261,682	242,318
Other reserves	127,573	123,556
Tenant security deposit	32,588	31,987
Operating escrows	<u>20,371</u>	<u>14,131</u>
Sub-total Paz Properties, Inc.	<u>442,214</u>	<u>411,992</u>
Trinity House LLC:		
Operating reserve	120,426	115,439
Replacement reserve	64,774	58,951
Tenant security deposit	<u>8,543</u>	<u>8,708</u>
Sub-total Trinity House LLC	<u>193,743</u>	<u>183,098</u>
Siochain Properties LP:		
Operating reserve	23,581	23,578
Replacement reserve	21,407	17,805
Tenant security deposit	<u>12,772</u>	<u>11,476</u>
Sub-total Siochain Properties LP	<u>57,760</u>	<u>52,859</u>
Paco Properties LLC:		
Operating reserve	59,582	106,207
Tenant security deposit	<u>35,172</u>	<u>8,328</u>
Sub-total Paco Properties LLC	<u>94,754</u>	<u>114,535</u>
Stevens Corner LP:		
Operating reserve	177,976	174,321
Replacement reserves	34,105	46,162
Tenant security deposit	20,500	20,500
Operating escrows	<u>15,326</u>	<u>21,598</u>
Sub-total Stevens Corner LP	<u>247,907</u>	<u>262,581</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

5. RESTRICTED DEPOSITS (Continued)

Rental Programs: (Continued)	<u>2018</u>	<u>2017</u>
Benfield Farms LP:		
Operating/special reserves	235,785	274,380
Replacement reserve	28,582	17,592
Tenant security deposit	26,593	26,593
Operating escrows	<u>24,845</u>	<u>18,372</u>
Sub-total Benfield Farms LP	<u>315,805</u>	<u>336,937</u>
Sitkowski LP:		
Replacement reserve	131,155	94,181
Operating reserve	108,929	106,797
Operating escrows	84,463	45,464
Tenant security deposit	<u>32,818</u>	<u>30,017</u>
Sub-total Sitkowski LP	<u>357,365</u>	<u>276,459</u>
Shoe Shop LP:		
Operating reserve	154,228	151,236
Replacement reserve	13,468	4,756
Tenant security deposit	12,492	12,467
Operating escrows	<u>6,668</u>	<u>2,822</u>
Sub-total Shoe Shop LP	<u>186,856</u>	<u>171,281</u>
Total Rental Programs	<u>2,050,006</u>	<u>1,948,848</u>
Total restricted deposits	2,099,336	2,614,503
Less - current portion	<u>416,159</u>	<u>578,794</u>
Non-current portion	<u>\$ 1,683,177</u>	<u>\$ 2,035,709</u>

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

6. PROJECTS UNDER DEVELOPMENT

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

Coppersmith Village – East Boston, MA

The Coppersmith Village project (the Project) is a 56,000 square foot site located at 75-109 Border Street in 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) (see Note 2). The Coppersmith Rental Project is owned and will be operated by Coppersmith (see Note 3). 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 Consolidating Financial Statements
December 31, 2018 and 2017

6. PROJECTS UNDER DEVELOPMENT (Continued)

Other

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

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

	<u>2018</u>	<u>2017</u>
Coppersmith Rental Project	\$ 23,443,796	\$ 10,557,785
Coppersmith Condo Project	5,102,725	3,401,586
Other	<u>539,105</u>	<u>309,439</u>
Total projects under development	29,085,626	14,268,810
Less - elimination	<u>388,760</u>	<u>312,369</u>
	<u>\$ 28,696,866</u>	<u>\$ 13,956,441</u>

During 2018, nine of fifteen for-sale condo units of the Coppersmith Condo Project were substantially completed. Therefore, these condo units were classified as properties held for sale in the accompanying consolidating statements of financial positions. The rest of the units will be completed in 2019 and will be available for sale at that time.

During April and May 2019, Peace Properties closed on the sale of nine ownership units for \$5,227,000, which approximates the cost of the units. The sales' proceeds after fees were used to pay off a portion of Peace Properties' East Boston Savings Bank mortgage (see Note 11).

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>				
	<u>NOAH, Inc.</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Total</u>
Buildings and improvements	\$ -	\$ 2,167,446	\$ -	\$ 69,544,962	\$ 71,712,408
Land and improvements	-	603,946	-	3,951,281	4,555,227
Furniture, fixtures and equipment	245,086	-	1,300	750,209	996,595
Leasehold improvements	<u>21,798</u>	-	-	-	<u>21,798</u>
	266,884	2,771,392	1,300	74,246,452	77,286,028
Less - accumulated depreciation	214,141	806,460	1,300	11,231,638	12,253,539
Less - elimination	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,317</u>
	<u>\$ 52,743</u>	<u>\$ 1,964,932</u>	<u>\$ -</u>	<u>\$ 63,014,814</u>	<u>\$ 64,688,172</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

7. PROPERTY AND EQUIPMENT (Continued)

	2017				
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs	Total
Buildings and improvements	\$ -	\$ 2,167,446	\$ -	\$ 65,569,351	\$ 67,736,797
Land and improvements	-	603,946	-	2,848,191	3,452,137
Furniture, fixtures and equipment	223,353	-	1,300	618,556	843,209
Leasehold improvements	<u>18,598</u>	-	-	-	<u>18,598</u>
	241,951	2,771,392	1,300	69,036,098	72,050,741
Less - accumulated depreciation	235,814	751,096	1,300	9,474,941	10,463,151
Less - elimination	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,975</u>
	<u>\$ 6,137</u>	<u>\$ 2,020,296</u>	<u>\$ -</u>	<u>\$ 59,561,157</u>	<u>\$ 61,233,615</u>

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

8. CAPITALIZED COSTS

Capitalized costs consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Total costs incurred	\$ 141,252	\$ 141,252
Less - accumulated amortization	<u>55,940</u>	<u>46,250</u>
Net capitalized costs	<u>\$ 85,312</u>	<u>\$ 95,002</u>

Amortization expense for the years ended December 31, 2018 and 2017, was \$9,690 and \$9,692, respectively, and is included in depreciation and amortization in the accompanying consolidating financial statements. Amortization expense for the next five years is expected to be approximately \$10,000.

9. LEASE

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 leased a commercial unit to an unrelated tenant under an operating lease agreement with a five-year term that ended during 2017. Subsequent to year-end, this unit was leased to another unrelated tenant for a one-year term ending on March 31, 2020.

10. 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 \$174,677 and \$175,557, respectively, less an allowance for doubtful accounts of \$132,651 as of December 31, 2018 and 2017. These amounts are included in contracts, loans and other receivables in the accompanying consolidating statements of financial position. Interest rates range from 3% to 5.4% and original maturity dates range from ten to thirty years. Loans are secured by a second or third lien on the property purchased or improved.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

10. LOANS RECEIVABLE (Continued)

NOAH

As of December 31, 2018 and 2017, NOAH and Affiliates entered into one and two arrangements, respectively, to act as the nonprofit intermediary for projects which qualify for Massachusetts tax credits. NOAH received a donation of tax credits from each project's sponsor and made a loan to the respective project entity from the proceeds of NOAH's resale of the credits to outside investors. The loans have interest rates ranging from 0.001% to 3.05%, which NOAH will receive on the maturity date. These loans mature at various dates through December 2065.

Total outstanding principal balances are \$10,348,125 and \$6,550,625 as of December 31, 2018 and 2017, 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, 2018 and 2017. The provision associated with the loan entered into in 2018 and 2017 is reflected as provision against loans receivable in the accompanying consolidating statements of activities.

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

		2018			
<u>Entity</u>	<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NCDFI NOAH	NW (see Note 2) Massachusetts historic and state low-income tax credits	3	\$ 174,677	\$ 132,651	\$ 42,026
		<u>3</u>	<u>10,348,125</u>	<u>10,348,125</u>	<u>-</u>
Total		<u>6</u>	<u>\$ 10,522,802</u>	<u>\$ 10,480,776</u>	<u>\$ 42,026</u>
		2017			
<u>Entity</u>	<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NCDFI NOAH	NW (see Note 2) Massachusetts historic and state low-income tax credits	3	\$ 175,557	\$ 132,651	\$ 42,906
		<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>

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

2019	\$ 2,169
2020	\$ 2,277
2021	\$ 2,391
2022	\$ 2,511
2023	\$ 2,636

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

11. MORTGAGE AND NOTES PAYABLE

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

	<u>2018</u>	<u>2017</u>
NOAH (see page 30)	\$ 659,811	\$ 591,268
Peace Properties (see page 31)	7,475,670	2,156,167
Rental Programs (see page 33)	<u>31,883,991</u>	<u>17,595,174</u>
Total mortgage and notes payable	40,019,472	20,342,609
Less - unamortized debt issuance costs	290,931	328,875
Less - current portion	<u>13,851,798</u>	<u>207,731</u>
	<u>\$ 25,876,743</u>	<u>\$ 19,806,003</u>

Debt issuance costs of \$552,424 are shown net of accumulated imputed interest of \$261,493 and \$223,549 as of December 31, 2018 and 2017, respectively. Imputed interest totaled \$37,944 and \$56,933 for the years ended December 31, 2018 and 2017, respectively, which is included in interest expense in the accompanying consolidating statements of functional expenses.

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

	<u>Principal</u>	<u>Imputed Interest</u>
2019	\$ 13,851,798	\$ 49,477
2020	\$ 3,106,356	\$ 30,313
2021	\$ 540,423	\$ 22,767
2022	\$ 1,869,949	\$ 19,793
2023	\$ 277,464	\$ 19,241
Thereafter	\$ 20,373,482	\$ 149,340

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. NOAH and Affiliates were in compliance with the remainder of the covenants associated with its mortgage and notes payable as of December 31, 2018 and 2017.

12. 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>2018</u>	<u>2017</u>
Rental Programs contingent loans and advances (see page 41)	\$ 34,679,324	\$ 32,397,386
Less - eliminations	<u>7,504,211</u>	<u>7,504,211</u>
	<u>\$ 27,175,113</u>	<u>\$ 24,893,175</u>

The contingent loan and advance agreements contain various covenants with which NOAH and Affiliates must comply. NOAH and Affiliates were in compliance with the covenants associated with its contingent loans and advances as of December 31, 2018 and 2017.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

13. 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 3). 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 11) 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.

14. COMMITMENTS AND CONTINGENCIES

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

In addition, NOAH, as project sponsor, in some cases, has agreed to advance funds to the LPs and LLCs as a guarantor of 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 3).

NOAH has been notified of the following financing commitments for various projects under development (see Note 6) through May 23, 2019:

- \$7,605,476 in capital contributions from MHEF XXII (Fund of MHIC)
- \$300,000 from DHCD through the FCF-DMH program
- \$2,707,500 from NOAH from sales proceeds of State LIHTC
- \$735,222 from City of Boston through the Community Preservation Committee
- \$350,000 from Mass Historic Tax Credits

During 2018, NOAH and Affiliates were awarded \$150,000 of Community Investment Tax Credits (CITCs) from DHCD to disburse to donors in exchange for donations. In addition, NOAH and Affiliates carried over approximately \$22,000 of unused 2017 credits that were utilized during 2018. The CITCs are provided to donors based upon 50% of eligible donations. NOAH and Affiliates received approximately \$280,000 in eligible donations during 2018 and provided approximately \$140,000 in CITCs, leaving approximately \$32,000 of credits to carryover to 2019.

15. CONCENTRATIONS

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

During 2018 and 2017, 69% and 52%, respectively, of contracts, grants and other fees revenue was from two unrelated third parties. As of December 31, 2018 and 2017, 52% and 60%, respectively, of contracts, loans and other receivables was due from two unrelated third parties.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

16. RETIREMENT PLAN

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

17. RECLASSIFICATIONS

Certain amounts in the 2017 consolidating financial statements have been reclassified to conform with the 2018 presentation.

18. SUBSEQUENT EVENT

On February 1, 2019, NOAH entered into a \$750,000 note payable agreement with a bank. Interest-only payments are due monthly, with a variable rate of 0.25%, plus the bank's base prime rate, with a floor of 5.00%. The note is set to mature on February 1, 2022. The note is secured by the certificate of deposit that NOAH is required to maintain.

19. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

NOAH and Affiliates' financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year from the consolidating statement of financial position date, comprise the following at December 31, 2018:

	<u>NOAH, Inc.</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>
Cash - operating	\$ 2,205,215	\$ 13,263	\$ 1,817	\$ 669,853
Cash - development	2,565	1,845,324	-	610,608
Current portion of restricted deposits	-	-	18,658	397,501
Current portion of contracts, loans and other receivables	<u>602,767</u>	<u>40,850</u>	<u>2,169</u>	<u>107,545</u>
	2,810,547	1,899,437	22,644	1,785,507
Add - due from Shoe Shop - developer fees	320,429	-	-	-
Less - cash held for programs and initiatives with donor restrictions (see Note 2)	(927,369)	-	-	(100,000)
Less - tenant security deposits	-	-	-	(211,893)
Less - development project cash	<u>(2,565)</u>	<u>(1,845,324)</u>	<u>-</u>	<u>(610,608)</u>
	<u>\$ 2,201,042</u>	<u>\$ 54,113</u>	<u>\$ 22,644</u>	<u>\$ 863,006</u>

NOAH and Affiliates aim to maintain working capital balances of at least six months of operating expenses. As of December 31, 2018, NOAH had an average days of cash on hand of 122 (based on normal expenditures).

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

11. MORTGAGE AND NOTES PAYABLE (Continued)

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

Lender	Interest Rate	Security	Payment Terms	2018		2017		
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense	
NOAH, Inc.								
NWSL 2012 AHMI Fund, LLC	5.25%	Certificate of Deposit (see Note 4)	Interest is due quarterly through May 1, 2019, at which time the entire principal balance and accrued and unpaid interest are due and payable in full. In March 2019, the maximum borrowings were increased to \$1,000,000 and the maturity date was extended to May 2024.	\$ 500,000	\$ 26,615	\$ 500,000	\$ 26,615	
Community Economic Development Assistance Corporation (CEDAC)	7.00%	All assets related to the Union Block Project	The entire outstanding principal balance and all accrued interest are due and payable upon closing and construction financing. The maximum borrowings under this note are \$100,000.	87,107	-	-	-	
LISC	5.00%	Unsecured	Principal and interest are due monthly through June 1, 2022.	72,704	4,156	91,268	5,058	
Total NOAH, Inc. (see page 27)				659,811	30,771	591,268	31,673	
Peace Properties, Inc.								
East Boston Savings Bank	4.38%	Mortgage on the Coppersmith Condo Project	This loan allows for borrowings up to \$5,500,000. Interest-only payments were 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 6), respectively. All remaining outstanding principal and accrued interest are due on June 30, 2019. Capitalized interest as of December 31, 2018 and 2017, totaled \$69,571 and \$3,409, respectively.	5,500,000	-	153,303	-	
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 6) or December 30, 2018, in amounts equal to the unused portion of the loan proceeds, plus 50% of the net sales proceeds from the Coppersmith 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 current in the accompanying consolidating statement of financial position as of December 31, 2018.	951,364	-	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.	734,483	27,787	750,339	28,532	

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

11. MORTGAGE AND NOTES PAYABLE (Continued)

Lender	Interest Rate	Security	Payment Terms	2018		2017	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Peace Properties, Inc. (Continued)							
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 2018 or 2017. There are no payments of principal and interest due in 2019 based on 2018 available cash flow.	200,000	8,000	200,000	8,000
LISC	4.00%	Ground lease (see Note 13)	Principal and interest are due in monthly installments of \$1,266, with principal due no later than the maturity date of September 2025.	89,823	3,843	101,161	4,286
Total Peace Properties, Inc. (see page 27)				<u>7,475,670</u>	<u>39,630</u>	<u>2,156,167</u>	<u>40,818</u>
Rental Programs							
Shalom Properties, Inc.							
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.	902,433	34,986	922,726	35,747
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.	341,941	18,783	356,420	19,541
MHP	0.00%	Mortgage on properties	All outstanding amounts are due on October 6, 2024.	245,339	-	245,339	-
City of Boston	0.00%	Mortgage on properties	All outstanding amounts are due on October 6, 2024.	245,339	-	245,339	-
Sub-total Shalom Properties, Inc.				<u>1,735,052</u>	<u>53,769</u>	<u>1,769,824</u>	<u>55,288</u>
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.	527,721	25,576	537,104	26,015
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.	273,311	17,594	286,641	18,402
Sub-total Paz Properties, Inc.				<u>801,032</u>	<u>43,170</u>	<u>823,745</u>	<u>44,417</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

11. MORTGAGE AND NOTES PAYABLE (Continued)

Lender	Interest Rate	Security	Payment Terms	2018		2017	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Rental Programs (Continued)							
<i>Siochain Properties LP</i>							
Boston Community Loan Fund (BCLF)	7.00%	First mortgage on 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.	140,370	10,320	149,662	10,906
BCLF	3.50%	Second mortgage on properties	Principal and interest are due in monthly installments of \$938 through July 2022.	37,603	1,522	47,341	1,910
Sub-total Siochain Properties LP				<u>177,973</u>	<u>11,842</u>	<u>197,003</u>	<u>12,816</u>
<i>Paco Properties LLC</i>							
Community Housing Capital, Inc.	5.25% - 6.50%	Shared 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	376,611	5,658,300	231,079
BCLF	5.00%	Shared 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.	2,722,488	81,122	852,882	1,658
East Boston Savings Bank	4.25%	Shared first mortgage on the properties and assignment of partnership interest	Revolving line of credit through August 31, 2021 (maturity), at which time all principal and accrued interest become due.	1,480,000	21,316	-	-
Sub-total Paco Properties LLC				<u>9,860,788</u>	<u>479,049</u>	<u>6,511,182</u>	<u>232,737</u>
<i>Stevens Corner LP</i>							
MHP	7.04%	First mortgage on the property and an assignment of leases and rents and reserves	Due in monthly principal and interest installments of \$9,479 through August 2032 (maturity), at which time a balloon payment is due.	1,310,674	93,068	1,331,351	94,470
<i>Benfield Farms LP</i>							
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), at which time a balloon payment of \$759,110 is due.	1,356,133	59,125	1,383,223	60,273

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

11. MORTGAGE AND NOTES PAYABLE (Continued)

Lender	Interest Rate	Security	Payment Terms	2018		2017	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Rental Programs (Continued)							
<i>Sitkowski LP</i>							
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.	1,714,734	94,899	1,729,846	98,499
<i>Shoe Shop LP</i>							
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), at which time a balloon payment of \$858,944 is due.	1,595,250	88,571	1,617,897	62,677
<i>Coppersmith LP</i>							
Mass Development Finance Agency (MDFA)	3.85%	First mortgage on the Coppersmith Village 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 (3.85% and 2.80% at December 31, 2018 and 2017, respectively). After refinance, the bonds will bear interest at 3.99% through maturity. Interest-only payments on Series A are due monthly through October 15, 2019 (maturity), at which time the outstanding principal and accrued interest will be repaid with proceeds from Series B. As a result, the Series A component of this note is reflected as long-term in the accompanying consolidating financial statements. Payments of principal and interest on Series B will be due monthly beginning on October 15, 2019 through December 15, 2036 (maturity). Capitalized interest as of December 31, 2018 and 2017, totaled \$322,121 and \$37,465, respectively.	13,332,355	-	2,231,103	-
Sub-total rental programs (see page 27)				<u>\$ 31,883,991</u>	<u>\$ 923,493</u>	<u>\$ 17,595,174</u>	<u>\$ 661,177</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs									
<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 2018 and 2017.	\$ 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. The remaining note balance of \$3,800 was forgiven in February 2019.	3,800	-	-	33,325	-	-
Sub-total Shalom Properties, Inc.				167,800	-	-	197,325	-	-
<i>Paz Properties, Inc.</i>									
MHP	0.00%	Second mortgages 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, 2018 or 2017, based on 2017 and 2016 cash flow, respectively.	1,111,871	-	-	1,111,871	-	12,652
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. The note matures June 23, 2032. There were no payments due as of December 31, 2018 or 2017, based on 2017 and 2016 cash flow, respectively.	727,245	-	-	727,245	-	44,695
City of Boston	0.00%	Unsecured	All outstanding amounts were due on August 21, 2017. As a result of certain conditions being met, a portion of the balance was forgiven in 2018 and the remaining balance is expected to be forgiven in 2019.	8,280	-	-	13,951	-	-
Sub-total Paz Properties, Inc.				3,261,081	-	-	3,266,752	-	57,347

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<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	103,208	10,914	862,094	92,294	10,806
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	110,465	4,181	418,170	106,284	4,181
Sub-total Trinity House LLC				1,280,264	213,673	15,095	1,280,264	198,578	14,987
<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	592,302	51,373	380,000	540,929	48,658
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. There were no payments due as of December 31, 2018 or 2017, based on 2017 and 2016 cash flow, respectively. Principal and all accrued interest are due in full in October 2030.	380,000	1,023,802	101,439	380,000	922,363	94,274
Sub-total Siochain Properties LP				760,000	1,616,104	152,812	760,000	1,463,292	142,932
<i>Paco Properties LLC</i>									
City of Boston	0.00%	Various mortgage properties and assignment of rents and leases	Outstanding principal balances and any accrued interest are due at various dates through August 2068. 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 2019 based on 2018 cash flow.	3,042,000	-	-	1,893,900	-	-

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<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	318,930	40,157	1,338,580	278,773	40,157
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	168,504	20,063	668,772	148,441	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 was a payment of \$29,922 of interest made in 2017 based on 2016 cash flow. There was a payment of \$19,207 of interest due in 2018 based on 2017 cash flow. There was no payment due in 2019 based on 2018 cash flow.	511,179	53,674	25,559	511,179	47,322	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 in 2019 based on 2018 cash flow.	352,138	-	-	352,138	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Stevens Corner LP (Continued)</i>									
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	43,280	5,250	175,000	38,030	5,250
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	16,735	2,251	75,000	14,484	2,250
Sub-total Stevens Corner LP				4,105,669	601,123	93,280	4,105,669	527,050	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 set forth 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 are no payments due in 2018 or 2017 based on 2017 and 2016 cash flow, respectively.	871,200	334	87	871,200	247	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	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Benfield Farms LP</i> (Continued)									
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	334	87	3,246,200	247	87
<i>Sitkowski LP</i>									
NOAH	3.32%	Second mortgage on the property	This note requires annual payments solely from net cash flow, with principal and any accrued or unpaid interest due on December 30, 2053. There are no payments due in 2019 based on 2018 cash flow.	2,700,000	269,169	89,640	2,700,000	179,529	89,640
NOAH	3.32%	Second mortgage on the property	This note requires annual payments solely from net cash flow, with principal and any accrued or unpaid interest due on December 30, 2053. There are no payments due in 2019 based on 2018 cash flow.	2,047,000	175,564	67,960	2,047,000	107,604	67,960
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	92,076	34,101	1,645,434	57,975	32,909
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	50,111	10,000	1,000,000	40,111	10,000
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	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Sitkowski LP (Continued)</i>									
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	65,510	14,300	715,000	51,210	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 2019 based on 2018 cash flow.	99,832	-	-	99,832	-	-
Sub-total Sitkowski LP				9,207,266	652,430	216,001	9,207,266	436,429	214,809
<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	-	-	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	-	-	759,644	-	-
Greater Attleboro/Taunton Consortium HOME Program	0.00%	Shared second mortgage on the property	The note is due on July 12, 2046. Provided the property complies with certain affordable housing restrictions as set forth in the affordable housing restriction agreement, the note will be forgiven at maturity.	109,500	-	-	109,500	-	-
The Neighborhood Corporation (TNC)	0.00%	Shared second mortgage on the property	Non-interest bearing note, due and payable on August 12, 2045.	40,000	-	-	40,000	-	-
Sub-total Shoe Shop LP				2,184,144	-	-	2,184,144	-	-

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Coppersmith LP</i>									
City of Boston	2.50%	Shared second 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 are \$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.	4,983,223	-	-	4,753,227	-	-
DHCD - AHTF	2.00%	Shared second 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. Coppersmith has the option to extend the maturity date 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. Capitalized interest as of December 31, 2018 and 2017, totaled \$40,000 and \$20,000, respectively.	1,000,000	40,000	-	1,000,000	20,000	-
MHEF	0.00%	Third 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 2019.	988,712	-	-	494,356	-	-
DHCD - HSF	2.00%	Shared second 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 maximum borrowings of this note are \$1,562,500. This note is due on June 15, 2068. Coppersmith has the option to extend the maturity date of the note for up to an additional fifty years provided Coppersmith continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement. Capitalized interest as of December 31, 2018, totaled \$3,782.	378,189	2,663	-	-	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2018 and 2017

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2018			2017		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Coppersmith LP (Continued)</i>									
DHCD - Commercial Area Transit Node Housing Program (CATNHP)	0.00%	Shared second 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 maximum borrowings on this note is \$187,500. 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.	46,596	-	-	-	-	-
DHCD - HOME	2.00%	Shared second 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 are \$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.	28,180	-	-	8,283	-	-
Sub-total Coppersmith LP				7,424,900	42,663	-	6,255,866	20,000	-
Total Rental Programs (see page 27)				<u>\$ 34,679,324</u>	<u>\$ 3,126,327</u>	<u>\$ 477,275</u>	<u>\$ 32,397,386</u>	<u>\$ 2,645,596</u>	<u>\$ 523,442</u>

Supplementary Consolidating Statement of Financial Position - Rental Programs

December 31, 2018

(With Summarized Comparative Totals as of December 31, 2017)

Assets	2018										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	Total
Current Assets:												
Cash - operating	\$ 31,896	\$ 280,034	\$ 92,911	\$ 48,437	\$ 33,299	\$ 8,905	\$ 68,826	\$ 61,706	\$ 43,839	\$ -	\$ 669,853	\$ 723,655
Cash - development	-	-	-	-	-	-	-	88,985	-	521,623	610,608	708,880
Current portion of restricted deposits	64,350	52,959	8,543	12,772	35,172	35,826	51,438	117,281	19,160	-	397,501	312,193
Contracts, loans and other receivables	22,465	17,084	8,647	4,440	29,911	7,768	39	1,280	15,911	-	107,545	114,942
Due from affiliates	-	-	-	-	-	-	-	-	-	297,324	297,324	297,324
Prepaid expenses and other	29,537	33,318	12,141	1,418	15,324	8,183	3,282	37,941	8,093	-	149,237	159,938
Total current assets	148,248	383,395	122,242	67,067	113,706	60,682	123,585	307,193	87,003	818,947	2,232,068	2,316,932
Restricted Deposits, net of current portion	89,252	389,255	185,200	44,988	59,582	212,081	264,367	240,084	167,696	-	1,652,505	1,636,655
Capitalized Costs, net	-	-	-	-	-	9,624	18,422	33,285	23,981	-	85,312	95,002
Projects Under Development	-	-	-	-	-	-	-	-	-	23,443,796	23,443,796	10,557,785
Property and Equipment, net	1,980,722	2,811,308	978,747	1,403,025	13,309,456	7,822,762	8,337,805	17,648,089	8,722,900	-	63,014,814	59,561,157
Total assets	\$ 2,218,222	\$ 3,583,958	\$ 1,286,189	\$ 1,515,080	\$ 13,482,744	\$ 8,105,149	\$ 8,744,179	\$ 18,228,651	\$ 9,001,580	\$ 24,262,743	\$ 90,428,495	\$ 74,167,531
Liabilities and Net Assets												
Current Liabilities:												
Current portion of mortgage and notes payable	\$ 917,281	\$ 541,912	\$ -	\$ 20,119	\$ 5,658,300	\$ 22,181	\$ 28,283	\$ 15,952	\$ 23,888	\$ 123,892	\$ 7,351,808	\$ 161,319
Current portion of accrued interest	-	-	-	-	41,500	19,207	-	-	7,447	-	68,154	62,539
Current portion of construction payable	-	-	-	-	-	-	-	-	-	521,623	521,623	381,480
Accounts payable and other liabilities	50,372	63,802	32,949	24,231	68,043	80,409	98,747	59,425	70,483	-	548,461	464,908
Current portion of due to affiliates	9,170	-	-	-	-	20,010	54,000	27,321	336,484	-	446,985	594,302
Total current liabilities	976,823	605,714	32,949	44,350	5,767,843	141,807	181,030	102,698	438,302	645,515	8,937,031	1,664,548
Long-Term Liabilities:												
Mortgage and notes payable, net	761,192	259,120	-	157,854	4,160,752	1,242,500	1,261,481	1,661,047	1,533,216	13,208,463	24,245,625	17,111,560
Due to affiliates, net of current portion	75,000	-	94,626	187,794	1,172,865	-	382,075	-	-	1,408,410	3,320,770	1,979,048
Construction payable, net of current portion	-	-	-	-	-	-	-	-	-	1,273,813	1,273,813	1,511,333
Accrued interest, net of current portion	-	-	213,673	1,616,104	-	601,123	334	652,430	-	303,764	3,387,428	2,715,754
Contingent loans and advances	167,800	3,261,081	1,280,264	760,000	3,042,000	4,105,669	3,246,200	9,207,266	2,184,144	7,424,900	34,679,324	32,397,386
Total long-term liabilities	1,003,992	3,520,201	1,588,563	2,721,752	8,375,617	5,949,292	4,890,090	11,520,743	3,717,360	23,619,350	66,906,960	55,715,081
Total liabilities	1,980,815	4,125,915	1,621,512	2,766,102	14,143,460	6,091,099	5,071,120	11,623,441	4,155,662	24,264,865	75,843,991	57,379,629
Net Assets:												
Without donor restrictions:												
Operating	(186,294)	112,485	(5,333)	(33,365)	45,663	(39,737)	(215,449)	131,462	465	(2,122)	(192,225)	150,867
Property and equipment	223,701	(861,550)	(329,990)	(1,217,657)	(706,379)	2,053,787	3,888,508	6,473,748	4,845,453	-	14,369,621	16,229,927
Total without donor restrictions	37,407	(749,065)	(335,323)	(1,251,022)	(660,716)	2,014,050	3,673,059	6,605,210	4,845,918	(2,122)	14,177,396	16,380,794
With donor restrictions	200,000	207,108	-	-	-	-	-	-	-	-	407,108	407,108
Total net assets	237,407	(541,957)	(335,323)	(1,251,022)	(660,716)	2,014,050	3,673,059	6,605,210	4,845,918	(2,122)	14,584,504	16,787,902
Total liabilities and net assets	\$ 2,218,222	\$ 3,583,958	\$ 1,286,189	\$ 1,515,080	\$ 13,482,744	\$ 8,105,149	\$ 8,744,179	\$ 18,228,651	\$ 9,001,580	\$ 24,262,743	\$ 90,428,495	\$ 74,167,531

Supplementary Consolidating 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	2,032,145	2,889,978	1,021,945	1,462,207	8,518,010	8,034,495	8,509,537	18,131,085	8,961,755	-	59,561,157
Total assets	\$ 2,258,893	\$ 3,654,637	\$ 1,298,171	\$ 1,579,858	\$ 8,689,961	\$ 8,373,401	\$ 8,900,459	\$ 18,836,402	\$ 9,339,160	\$ 11,236,589	\$ 74,167,531
Liabilities and Net Assets											
Current Liabilities:											
Current portion of mortgage 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 due to affiliates	-	-	-	-	-	20,010	14,240	149,623	410,429	-	594,302
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:											
Mortgage and notes payable, net	1,672,306	801,033	-	177,200	6,453,775	1,261,008	1,285,420	1,675,930	1,553,785	2,231,103	17,111,560
Due to affiliates, net of current portion	84,170	-	94,626	187,794	449,374	-	333,707	27,321	10,150	791,906	1,979,048
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
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	1,953,801	4,067,785	1,573,468	2,588,286	8,846,635	5,874,520	4,865,574	11,346,946	3,748,079	10,849,987	55,715,081
Total liabilities	2,041,058	4,143,492	1,600,680	2,643,554	8,909,245	5,996,810	4,999,838	11,565,314	4,242,064	11,237,574	57,379,629
Net Assets:											
Without donor restrictions:											
Operating	(190,803)	138,683	(20,002)	(35,398)	32,912	23,370	(166,378)	237,603	131,865	(985)	150,867
Property and equipment	208,638	(834,646)	(282,507)	(1,028,298)	(252,196)	2,353,221	4,066,999	7,033,485	4,965,231	-	16,229,927
Total without donor restrictions	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
With donor restrictions	200,000	207,108	-	-	-	-	-	-	-	-	407,108
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	\$ 2,258,893	\$ 3,654,637	\$ 1,298,171	\$ 1,579,858	\$ 8,689,961	\$ 8,373,401	\$ 8,900,459	\$ 18,836,402	\$ 9,339,160	\$ 11,236,589	\$ 74,167,531

Supplementary Consolidating Statement of Activities - Rental Programs

For the Year Ended December 31, 2018

(With Summarized Comparative Totals for the Year Ended December 31, 2017)

	2018										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	Total
Net Assets Without Donor Restrictions:												
Operating revenues:												
Rental income, net of vacancies	\$ 463,901	\$ 495,883	\$ 164,531	\$ 173,987	\$ 618,462	\$ 547,229	\$ 366,394	\$ 587,244	\$ 324,290	\$ -	\$ 3,741,921	\$ 3,361,310
Interest income and other, net	36,874	25,464	963	3,409	418	11,458	20,885	45,649	7,731	-	152,851	98,771
Total operating revenues	500,775	521,347	165,494	177,396	618,880	558,687	387,279	632,893	332,021	-	3,894,772	3,460,081
Operating expenses:												
Rental programs	407,795	447,389	120,411	148,471	848,165	592,396	361,127	581,691	345,926	1,137	3,854,508	3,262,482
Depreciation and amortization	73,408	127,060	62,802	63,439	212,147	235,552	253,627	501,079	237,273	-	1,766,387	1,650,714
Total operating expenses	481,203	574,449	183,213	211,910	1,060,312	827,948	614,754	1,082,770	583,199	1,137	5,620,895	4,913,196
Changes in net assets without donor restrictions from operations	19,572	(53,102)	(17,719)	(34,514)	(441,432)	(269,261)	(227,475)	(449,877)	(251,178)	(1,137)	(1,726,123)	(1,453,115)
Non-operating expenses:												
Deferred interest	-	-	(15,095)	(152,812)	-	(93,280)	(87)	(216,001)	-	-	(477,275)	(523,442)
Changes in net assets without donor restrictions	\$ 19,572	\$ (53,102)	\$ (32,814)	\$ (187,326)	\$ (441,432)	\$ (362,541)	\$ (227,562)	\$ (665,878)	\$ (251,178)	\$ (1,137)	\$ (2,203,398)	\$ (1,976,557)

Supplementary Consolidating Statement of Activities - 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 LP</u>	<u>Total</u>
Net Assets Without Donor Restrictions:											
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, net	9,591	13,650	1,471	4,879	3,289	6,678	13,382	40,177	5,654	-	98,771
Total operating revenues	<u>424,483</u>	<u>506,520</u>	<u>165,849</u>	<u>178,059</u>	<u>275,289</u>	<u>562,861</u>	<u>385,504</u>	<u>635,620</u>	<u>325,896</u>	<u>-</u>	<u>3,460,081</u>
Operating expenses:											
Rental programs	389,793	397,051	131,830	151,838	390,072	506,264	370,278	584,424	339,947	985	3,262,482
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	<u>464,423</u>	<u>522,375</u>	<u>194,230</u>	<u>214,612</u>	<u>490,691</u>	<u>747,095</u>	<u>619,433</u>	<u>1,084,292</u>	<u>575,060</u>	<u>985</u>	<u>4,913,196</u>
Changes in net assets without donor restrictions from operations	(39,940)	(15,855)	(28,381)	(36,553)	(215,402)	(184,234)	(233,929)	(448,672)	(249,164)	(985)	(1,453,115)
Non-operating expenses:											
Deferred interest	-	(57,347)	(14,987)	(142,932)	-	(93,280)	(87)	(214,809)	-	-	(523,442)
Changes in net assets without donor restrictions	<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>

Supplementary Consolidating Statements of Changes in Net Assets - Rental Programs
For the Years Ended December 31, 2018 and 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 LP</u>	<u>Total</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	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
Changes in net assets	<u>19,572</u>	<u>(53,102)</u>	<u>(32,814)</u>	<u>(187,326)</u>	<u>(441,432)</u>	<u>(362,541)</u>	<u>(227,562)</u>	<u>(665,878)</u>	<u>(251,178)</u>	<u>(1,137)</u>	<u>(2,203,398)</u>
Net Assets , December 31, 2018	<u>\$ 237,407</u>	<u>\$ (541,957)</u>	<u>\$ (335,323)</u>	<u>\$ (1,251,022)</u>	<u>\$ (660,716)</u>	<u>\$ 2,014,050</u>	<u>\$ 3,673,059</u>	<u>\$ 6,605,210</u>	<u>\$ 4,845,918</u>	<u>\$ (2,122)</u>	<u>\$ 14,584,504</u>

Supplementary Consolidating Statement of Functional Expenses - Rental Programs
For the Year Ended December 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

	2018										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	Total
Personnel and Related:												
Consulting and contract labor	\$ 36,374	\$ 50,085	\$ 17,670	\$ 15,749	\$ 28,531	\$ 184,967	\$ 60,550	\$ 153,176	\$ 72,046	\$ -	\$ 619,148	\$ 590,848
Other:												
Interest expense	61,455	43,170	-	11,842	494,720	96,741	63,470	95,905	91,927	-	959,230	757,513
Telephone and utilities	60,395	50,177	20,007	12,983	50,033	136,614	87,964	112,621	57,760	-	588,554	503,984
Insurance and taxes	76,427	73,421	17,982	25,132	125,407	64,650	51,412	86,980	30,430	-	551,841	462,952
Repairs, maintenance and security	90,708	123,723	33,388	31,139	35,836	48,366	43,140	60,323	21,756	-	488,379	408,387
Management fees	26,136	33,725	6,277	20,757	34,046	33,565	27,956	31,131	26,948	-	240,541	237,246
Professional fees	12,755	13,403	13,870	10,270	275	16,927	13,008	14,347	31,272	-	126,127	132,475
Bad debts	17,983	40,899	8,492	14,567	41,285	150	-	-	-	-	123,376	47,182
Miscellaneous	1,060	454	1,240	518	38,032	3,029	-	10,660	3,500	1,137	59,630	17,238
Supplies and general office	5,143	7,707	600	3,539	-	5,252	7,999	12,812	10,287	-	53,339	50,901
Program expenses	19,359	10,625	885	1,975	-	2,135	5,628	3,736	-	-	44,343	53,756
Total other	371,421	397,304	102,741	132,722	819,634	407,429	300,577	428,515	273,880	1,137	3,235,360	2,671,634
Total expenses before depreciation and amortization	407,795	447,389	120,411	148,471	848,165	592,396	361,127	581,691	345,926	1,137	3,854,508	3,262,482
Depreciation and Amortization	73,408	127,060	62,802	63,439	212,147	235,552	253,627	501,079	237,273	-	1,766,387	1,650,714
Total expenses	\$ 481,203	\$ 574,449	\$ 183,213	\$ 211,910	\$ 1,060,312	\$ 827,948	\$ 614,754	\$ 1,082,770	\$ 583,199	\$ 1,137	\$ 5,620,895	\$ 4,913,196

Supplementary Consolidating 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 LP</u>	<u>Total</u>
Personnel and Related:											
Consulting and contract labor	\$ 40,845	\$ 37,715	\$ 30,295	\$ 18,564	\$ 15,150	\$ 133,261	\$ 81,549	\$ 164,189	\$ 69,280	\$ -	\$ 590,848
Other:											
Interest expense	60,615	44,417	-	12,816	270,100	98,141	64,618	99,505	107,301	-	757,513
Telephone and utilities	50,533	47,599	20,901	14,946	22,274	91,974	78,389	127,911	49,457	-	503,984
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	87,224	113,352	31,621	28,427	12,484	41,638	35,619	49,268	8,754	-	408,387
Management fees	24,884	32,119	5,978	19,771	16,904	53,880	27,865	31,138	24,707	-	237,246
Professional fees	12,050	12,150	12,300	9,335	146	22,040	17,535	13,485	33,434	-	132,475
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	1,525	2,829	946	5,000	-	985	17,238
Supplies and general office	5,976	9,185	959	2,984	-	5,817	5,966	10,956	9,058	-	50,901
Program expenses	23,953	14,559	1,673	3,540	-	1,746	5,492	2,793	-	-	53,756
Total other	348,948	359,336	101,535	133,274	374,922	373,003	288,729	420,235	270,667	985	2,671,634
Total expenses before depreciation and amortization	389,793	397,051	131,830	151,838	390,072	506,264	370,278	584,424	339,947	985	3,262,482
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	\$ 522,375	\$ 194,230	\$ 214,612	\$ 490,691	\$ 747,095	\$ 619,433	\$ 1,084,292	\$ 575,060	\$ 985	\$ 4,913,196

Supplementary Schedule of NeighborWorks® America's Restricted Net Assets
December 31, 2018

	<u>Capital Invested</u>	<u>Less Valuation Allowance</u>	<u>Eliminations</u>	<u>Restricted Net Assets</u>
Contracts, Loans and Other Receivables:				
NOAH CDFI - loan receivable from Peace Properties	\$ 164,967	\$ -	\$ -	\$ 164,967
NOAH CDFI - loans receivable from Homeownership program	59,639	(17,651)	-	41,988
NOAH CDFI - loans receivable from Cutler Heights Housing LP	115,000	(115,000)	-	-
NOAH - receivable from Sitkowski LP	27,321	(27,321)	27,321	27,321
NOAH - receivable from Shalom Properties, Inc.	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
NOAH - receivable from Coppersmith LP	194,623	-	-	194,623
Investments:				
Peace Properties investment	452,000	(429,074)	429,074	452,000
Property and Equipment:				
Paz Properties, Inc.	207,108	-	-	207,108
Shalom Properties, Inc.	100,000	-	-	100,000
	<u>\$ 1,465,658</u>	<u>\$ (734,046)</u>	<u>\$ 601,395</u>	<u>\$ 1,333,007</u>
Total assets				

NOTE: This schedule has been prepared for the purpose of providing additional information to certain users of the accompanying consolidating financial statements and to comply with requirements of agreements with NeighborWorks America (NWA). Please refer to Note 2 for additional information concerning accounting for NWA restricted net assets. This schedule is intended to be used by management and NWA and should not be used by anyone other than these parties.