



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

**CONSOLIDATING FINANCIAL STATEMENTS IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS AND
UNIFORM GUIDANCE
DECEMBER 31, 2019 AND 2018**

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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December 31, 2019 and 2018

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

Independent Auditor's Report

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

Report on the 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, 2019 and 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. The financial statements of certain limited partnerships were not audited in accordance with *Government Auditing Standards*.

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 on page one present fairly, in all material respects, the consolidating financial position of Neighborhood of Affordable Housing, Inc. and Affiliates as of December 31, 2019 and 2018, 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.

Other Matters

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 49 through 55 is presented for purpose of additional analysis and is not a required part of the consolidating financial statements. In addition, the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2019, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, 2019, shown on page 56, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, on our consideration of NOAH and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOAH and Affiliates' internal control over financial reporting and compliance.

AAFCPA, Inc.

Boston, Massachusetts
May 21, 2020

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2019

(With Summarized Comparative Totals as of December 31, 2018)

	2019					2018	
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit A)	Eliminations	Total	Total
Assets							
Current Assets:							
Cash - operating	\$ 2,052,226	\$ 11,969	\$ 7,031	\$ 934,218	\$ -	\$ 3,005,444	\$ 2,890,238
Cash - development	-	701,621	-	303,479	-	1,005,100	2,458,407
Current portion of restricted deposits	-	-	6,781	434,456	-	441,237	416,159
Current portion of contracts, loans and other receivables	643,239	222,227	1,107	136,515	(66,175)	936,913	753,331
Current portion of due from affiliates	1,051,761	-	242,616	4,000	(1,298,377)	-	-
Prepaid expenses and other	4,544	565	1,265	161,939	-	168,313	156,552
Properties held for sale	-	-	-	-	-	-	5,227,000
Total current assets	3,751,770	936,382	258,800	1,974,607	(1,364,552)	5,557,007	11,901,687
Certificate of Deposit	251,889	-	-	-	-	251,889	115,691
Restricted Deposits, net of current portion	492,971	-	-	1,602,551	-	2,095,522	1,683,177
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts	-	-	11,486	-	-	11,486	39,857
Due from Affiliates, net of current portion and allowance for doubtful accounts	3,230,885	195,224	741,983	-	(4,168,092)	-	-
Capitalized Costs, net	-	-	-	138,924	-	138,924	85,312
Projects Under Development	-	999,691	-	-	-	999,691	28,696,866
Property and Equipment, net	39,117	1,909,568	-	90,594,292	(720,179)	91,822,798	64,688,172
Total assets	\$ 7,766,632	\$ 4,040,865	\$ 1,012,269	\$ 94,310,374	\$ (6,252,823)	\$ 100,877,317	\$ 107,210,762
Liabilities and Net Assets							
Current Liabilities:							
Current portion of mortgage and notes payable	\$ 280,720	\$ 96,589	\$ -	\$ 3,521,346	\$ (66,175)	\$ 3,832,480	\$ 13,851,798
Current portion of accrued interest	20,338	9,764	-	107,915	(28,971)	109,046	53,541
Current portion of construction payable	-	634,816	-	303,479	-	938,295	2,407,797
Accounts payable and other liabilities	213,054	17,545	1,500	718,045	-	950,144	795,538
Current portion of due to affiliates	4,000	600,000	-	665,406	(1,269,406)	-	-
Total current liabilities	518,112	1,358,714	1,500	5,316,191	(1,364,552)	5,829,965	17,108,674
Long-Term Liabilities:							
Mortgage and notes payable, net	1,898,927	962,543	-	26,562,857	-	29,424,327	25,876,743
Due to affiliates, net of current portion	45,000	2,873,416	186,234	3,409,203	(6,513,853)	-	-
Construction payable, net of current portion	-	-	-	55,235	-	55,235	1,479,796
Accrued interest, net of current portion	-	-	-	3,921,993	(708,307)	3,213,686	2,888,687
Contingent loans and advances	-	-	-	40,371,546	(11,095,080)	29,276,466	27,175,113
Total long-term liabilities	1,943,927	3,835,959	186,234	74,320,834	(18,317,240)	61,969,714	57,420,339
Total liabilities	2,462,039	5,194,673	187,734	79,637,025	(19,681,792)	67,799,679	74,529,013
Net Assets:							
Without donor restrictions:							
Operating	2,437,818	(5,011)	618,144	184,048	525,135	3,760,134	3,067,749
Development	1,751,098	-	-	-	-	1,751,098	1,379,700
Property and equipment	39,117	(1,171,686)	-	14,082,193	(5,736,995)	7,212,629	8,711,544
Total without donor restrictions	4,228,033	(1,176,697)	618,144	14,266,241	(5,211,860)	12,723,861	13,158,993
With donor restrictions	1,076,560	22,889	206,391	407,108	601,395	2,314,343	2,360,376
Total net assets attributable to NOAH	5,304,593	(1,153,808)	824,535	14,673,349	(4,610,465)	15,038,204	15,519,369
Non-controlling interests	-	-	-	-	18,039,434	18,039,434	17,167,627
Total net assets	5,304,593	(1,153,808)	824,535	14,673,349	13,428,969	33,077,638	32,686,996
Total liabilities and net assets	\$ 7,766,632	\$ 4,040,865	\$ 1,012,269	\$ 94,310,374	\$ (6,252,823)	\$ 100,877,317	\$ 107,210,009

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Financial Position
December 31, 2018

Assets	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit B)	Eliminations	Total
Current Assets:						
Cash - operating	\$ 2,205,215	\$ 13,263	\$ 1,817	\$ 669,943	\$ -	\$ 2,890,238
Cash - development	2,565	1,845,324	-	610,518	-	2,458,407
Current portion of restricted deposits	-	-	18,658	397,501	-	416,159
Current portion of contracts, loans and other receivables	602,767	40,850	2,169	107,545	-	753,331
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
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
Certificate of Deposit	115,691	-	-	-	-	115,691
Restricted Deposits, net of current portion	30,672	-	-	1,652,505	-	1,683,177
Contracts, Loans and Other Receivables, net of current portion and allowance for doubtful accounts	-	-	39,857	-	-	39,857
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
Projects Under Development	-	5,641,830	-	23,443,796	(388,760)	28,696,866
Property and Equipment, net	52,743	1,964,932	-	63,014,814	(344,317)	64,688,172
Total assets	\$ 6,155,701	\$ 14,734,113	\$ 919,270	\$ 90,428,495	\$ (5,026,817)	\$ 107,210,762
Liabilities and Net Assets						
Current Liabilities:						
Current portion of mortgage and notes payable	\$ 19,532	\$ 6,480,458	\$ -	\$ 7,351,808	\$ -	\$ 13,851,798
Current portion of accrued interest	4,594	-	-	68,154	(19,207)	53,541
Current portion of construction payable	-	1,886,174	-	521,623	-	2,407,797
Accounts payable and other liabilities	216,403	29,674	1,000	548,461	-	795,538
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
Long-Term Liabilities:						
Mortgage and notes payable, net	640,029	991,089	-	24,245,625	-	25,876,743
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
Accrued interest, net of current portion	-	-	-	3,387,428	(498,741)	2,888,687
Contingent loans and advances	-	-	-	34,679,324	(7,504,211)	27,175,113
Total long-term liabilities	685,029	3,157,138	186,234	66,906,960	(13,515,022)	57,420,339
Total liabilities	925,558	12,528,450	187,234	75,843,991	(14,956,220)	74,529,013
Net Assets:						
Without donor restrictions:						
Operating	2,286,948	(15,497)	619,431	239,979	(63,112)	3,067,749
Development	1,768,460	-	-	-	(388,760)	1,379,700
Property and equipment	52,743	2,103,884	-	13,937,417	(7,382,500)	8,711,544
Total without donor restrictions	4,108,151	2,088,387	619,431	14,177,396	(7,834,372)	13,158,993
With donor restrictions	1,121,992	117,276	112,605	407,108	601,395	2,360,376
Total net assets attributable to NOAH	5,230,143	2,205,663	732,036	14,584,504	(7,232,977)	15,519,369
Non-controlling interests	-	-	-	-	17,167,627	17,167,627
Total net assets	5,230,143	2,205,663	732,036	14,584,504	9,934,650	32,686,996
Total liabilities and net assets	\$ 6,155,701	\$ 14,734,113	\$ 919,270	\$ 90,428,495	\$ (5,021,570)	\$ 107,216,009

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, 2019
 (With Summarized Comparative Totals for the Year Ended December 31, 2018)

	2019					2018	
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit C)	Eliminations	Total	Total
Net Assets Without Donor Restrictions:							
Operating revenues:							
Rental income, net	\$ 27,000	\$ 112,604	\$ -	\$ 4,411,172	\$ (104,651)	\$ 4,446,125	\$ 3,775,546
Grants and contributions	1,727,142	-	-	-	-	1,727,142	1,573,410
Developer fees	600,000	-	-	-	(377,859)	222,141	1,494,318
Interest and other income	17,592	2,305	3,573	155,621	(9,764)	169,327	258,351
Property and project management fees	497,131	-	-	-	(356,096)	141,035	387,362
Net assets released from purpose restrictions	651,062	-	-	-	-	651,062	684,953
Total operating revenues	<u>3,519,927</u>	<u>114,909</u>	<u>3,573</u>	<u>4,566,793</u>	<u>(848,370)</u>	<u>7,356,832</u>	<u>8,173,940</u>
Operating expenses:							
Senior home repair	205,014	-	-	-	(6,054)	198,960	194,114
Housing counseling	880,247	-	-	-	(9,297)	870,950	698,608
Community services	547,928	-	-	-	(21,406)	526,522	586,410
Homebuyer services program	342,543	-	-	-	(15,352)	327,191	368,351
Real estate and economic development	566,383	-	-	-	(19,136)	547,247	442,938
Property management	446,335	-	-	-	(19,676)	426,659	283,243
Peace Properties	-	126,702	-	-	-	126,702	108,542
NOAH CDFI	-	-	4,861	-	-	4,861	5,750
Rental programs	-	-	-	4,515,625	(407,360)	4,108,265	3,469,842
General administration	206,474	-	-	-	(3,676)	202,798	211,118
Fundraising	161,630	-	-	-	(6,054)	155,576	213,914
Total operating expenses before depreciation and amortization	<u>3,356,554</u>	<u>126,702</u>	<u>4,861</u>	<u>4,515,625</u>	<u>(508,011)</u>	<u>7,495,731</u>	<u>6,582,830</u>
Depreciation and amortization	16,898	55,364	-	2,069,249	(12,898)	2,128,613	1,828,998
Total operating expenses	<u>3,373,452</u>	<u>182,066</u>	<u>4,861</u>	<u>6,584,874</u>	<u>(520,909)</u>	<u>9,624,344</u>	<u>8,411,828</u>
Changes in net assets without donor restrictions from operations	<u>146,475</u>	<u>(67,157)</u>	<u>(1,288)</u>	<u>(2,018,081)</u>	<u>(327,461)</u>	<u>(2,267,512)</u>	<u>(237,888)</u>
Non-operating revenue (expenses):							
Proceeds from sale of tax credits	3,167,500	-	-	-	-	3,167,500	3,797,500
Capital grants	-	257,698	-	-	-	257,698	796,807
Provision against due from affiliates	(26,592)	-	-	-	26,592	-	-
Non-capitalized development costs	-	(27,192)	-	-	-	(27,192)	(100,427)
Rent-up costs	-	-	-	(202,844)	-	(202,844)	-
Deferred interest	-	-	-	(602,591)	209,566	(393,025)	(294,029)
Provision against loans receivable	(3,167,500)	(883,369)	-	-	3,590,869	(460,000)	(3,797,500)
Loss on sale of properties held for sale	-	(2,545,064)	-	-	-	(2,545,064)	-
Total non-operating revenue (expenses)	<u>(26,592)</u>	<u>(3,197,927)</u>	<u>-</u>	<u>(805,435)</u>	<u>3,827,027</u>	<u>(202,927)</u>	<u>402,351</u>
Changes in net assets without donor restrictions	<u>119,883</u>	<u>(3,265,084)</u>	<u>(1,288)</u>	<u>(2,823,516)</u>	<u>3,499,566</u>	<u>(2,470,439)</u>	<u>164,463</u>
Net Assets With Donor Restrictions:							
Grants and contributions	605,029	-	-	-	-	605,029	998,813
Net assets released from purpose restrictions	(651,062)	-	-	-	-	(651,062)	(684,953)
Changes in net assets with donor restrictions	<u>(46,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,033)</u>	<u>313,860</u>
Changes in net assets	73,850	(3,265,084)	(1,288)	(2,823,516)	3,499,566	(2,516,472)	478,323
Changes to Net Assets Attributable to Non-Controlling Interests:							
Non-controlling interests	-	-	-	2,040,554	-	2,040,554	1,500,379
Changes in net assets attributable to NOAH	<u>\$ 73,850</u>	<u>\$ (3,265,084)</u>	<u>\$ (1,288)</u>	<u>\$ (782,962)</u>	<u>\$ 3,499,566</u>	<u>\$ (475,918)</u>	<u>\$ 1,978,702</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

	<u>NOAH, Inc.</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs (Exhibit D)</u>	<u>Eliminations</u>	<u>Total</u>
Net Assets Without Donor Restrictions:						
Operating revenues:						
Rental income, net	\$ 17,808	\$ 118,539	\$ -	\$ 3,741,921	\$ (102,722)	\$ 3,775,546
Grants and contributions	1,573,410	-	-	-	-	1,573,410
Developer fees	455,001	-	-	-	1,039,317	1,494,318
Interest and other income	102,462	1,914	1,124	152,851	-	258,351
Property and project management fees	622,028	-	-	-	(234,666)	387,362
Net assets released from purpose restrictions	684,953	-	-	-	-	684,953
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>
Operating expenses:						
Senior home repair	200,567	-	-	-	(6,453)	194,114
Housing counseling	705,756	-	-	-	(7,148)	698,608
Community services	611,429	-	-	-	(25,019)	586,410
Homebuyer services program	387,426	-	-	-	(19,075)	368,351
Real estate and economic development	458,148	-	-	-	(15,210)	442,938
Property management	303,555	-	-	-	(20,312)	283,243
Peace Properties	-	108,542	-	-	-	108,542
NOAH CDFI	-	-	5,750	-	-	5,750
Rental programs	-	-	-	3,854,508	(384,666)	3,469,842
General administration	214,602	-	-	-	(3,484)	211,118
Fundraising	219,935	-	-	-	(6,021)	213,914
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>
Depreciation and amortization	16,905	55,364	-	1,766,387	(9,658)	1,828,998
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>
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>
Non-operating revenue (expenses):						
Proceeds from sale of tax credits	3,797,500	-	-	-	-	3,797,500
Capital grants	-	796,807	-	-	-	796,807
Provision against due from affiliates	(82,760)	-	-	-	82,760	-
Non-capitalized development costs	(11,529)	(88,898)	-	-	-	(100,427)
Deferred interest	-	-	-	(477,275)	183,246	(294,029)
Provision against loans receivable	(3,797,500)	-	-	-	-	(3,797,500)
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>
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>
Net Assets With Donor Restrictions:						
Grants and contributions	998,813	-	-	-	-	998,813
Net assets released from purpose restrictions	(684,953)	-	-	-	-	(684,953)
Changes in net assets with donor restrictions	<u>313,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,860</u>
Changes in net assets	556,910	664,456	(4,626)	(2,203,398)	1,464,981	478,323
Changes to Net Assets Attributable to Non-Controlling Interests:						
Non-controlling interests	-	-	-	1,500,379	-	1,500,379
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>

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, 2019 and 2018

	NOAH and Affiliates						Non-Controlling Interest	Total
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit E)	Eliminations	Total		
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	556,910	664,456	(4,626)	(2,203,398)	2,965,360	1,978,702	(1,500,379)	478,323
Net Assets , December 31, 2018	5,230,143	2,205,663	732,036	14,584,504	(7,238,224)	15,514,122	17,167,627	32,681,749
Capital contributions	-	-	-	2,913,993	(2,913,993)	-	2,913,993	2,913,993
Syndication costs	-	-	-	(1,632)	1,632	-	(1,632)	(1,632)
Transfer of net assets	600	(94,387)	93,787	-	-	-	-	-
Changes in net assets	73,850	(3,265,084)	(1,288)	(2,823,516)	5,540,120	(475,918)	(2,040,554)	(2,516,472)
Net Assets , December 31, 2019	<u>\$ 5,304,593</u>	<u>\$ (1,153,808)</u>	<u>\$ 824,535</u>	<u>\$ 14,673,349</u>	<u>\$ (4,610,465)</u>	<u>\$ 15,038,204</u>	<u>\$ 18,039,434</u>	<u>\$ 33,077,638</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

 Consolidating Statement of Cash Flows
 For the Year Ended December 31, 2019

	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs	Eliminations	Total
Cash Flows from Operating Activities:						
Changes in net assets	\$ 73,850	\$ (3,265,084)	\$ (1,288)	\$ (2,823,516)	\$ 3,499,566	\$ (2,516,472)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	16,898	55,364	-	2,069,249	(12,898)	2,128,613
Deferred interest	-	-	-	602,591	(209,566)	393,025
Bad debts	-	-	-	209,856	-	209,856
Interest - amortization expense	5,676	1,207	-	61,557	-	68,440
Rent-up costs	-	-	-	202,844	-	202,844
Capital grants	-	(257,698)	-	-	-	(257,698)
Non-capitalized development costs	-	27,192	-	-	-	27,192
Provision against due from affiliates	26,592	-	-	-	(26,592)	-
Provision against loans receivable	3,167,500	883,369	-	-	(3,590,869)	460,000
Proceeds from sale of tax credits	(3,167,500)	-	-	-	-	(3,167,500)
Loss on sale of properties held for sale	-	2,545,064	-	-	-	2,545,064
Changes in operating assets and liabilities:						
Contracts, loans and other receivables	(40,472)	-	29,433	(238,826)	66,175	(183,690)
Due from affiliates	(234,987)	-	(35,263)	(4,000)	274,250	-
Prepaid expenses and other	637	349	(45)	(12,702)	-	(11,761)
Accounts payable and other liabilities	(3,349)	(12,129)	500	169,584	-	154,606
Due to affiliates	4,000	-	-	218,421	(222,421)	-
Accrued interest	15,744	9,764	-	39,761	(9,764)	55,505
Net cash provided by (used in) operating activities	<u>(135,411)</u>	<u>(12,602)</u>	<u>(6,663)</u>	<u>494,819</u>	<u>(232,119)</u>	<u>108,024</u>
Cash Flows from Investing Activities:						
Issuance of loans receivable	(3,167,500)	(883,369)	-	-	3,590,869	(460,000)
Rent-up costs	-	-	-	(202,844)	-	(202,844)
Cash paid for projects under development	-	(2,730,694)	-	(5,621,998)	-	(8,352,692)
Due from affiliates	(932,784)	(195,224)	-	-	1,128,008	-
Purchases of and interest earned on certificate of deposit	(136,198)	-	-	-	-	(136,198)
Cash paid for non-capitalized development costs	-	(27,192)	-	-	-	(27,192)
Proceeds from sale of properties held for sale	-	2,092,304	-	-	-	2,092,304
Acquisition of property and equipment	(3,272)	-	-	(2,071,722)	-	(2,074,994)
Net cash used in investing activities	<u>(4,239,754)</u>	<u>(1,744,175)</u>	<u>-</u>	<u>(7,896,564)</u>	<u>4,718,877</u>	<u>(9,161,616)</u>
Cash Flows from Financing Activities:						
Principal payments on mortgage and notes payable	(19,507)	(28,433)	-	(3,010,567)	-	(3,058,507)
Due to affiliates	-	443,957	-	385,757	(829,714)	-
Capital grants received	-	76,321	-	-	-	76,321
Capital contributions	-	-	-	1,925,281	-	1,925,281
Syndication costs	-	-	-	(1,632)	-	(1,632)
Debt issuance costs	(29,165)	-	-	(227,255)	-	(256,420)
Capitalized costs	-	-	-	(69,571)	-	(69,571)
Proceeds from sale of tax credits	3,167,500	-	-	-	-	3,167,500
Proceeds from contingent loans and advances	-	-	-	6,680,934	(3,590,869)	3,090,065
Proceeds from mortgage and notes payable	1,563,082	119,935	-	1,663,035	(66,175)	3,279,877
Net cash provided by financing activities	<u>4,681,910</u>	<u>611,780</u>	<u>-</u>	<u>7,345,982</u>	<u>(4,486,758)</u>	<u>8,152,914</u>
Net Change in Cash and Restricted Cash	306,745	(1,144,997)	(6,663)	(55,763)	-	(900,678)
Cash and Restricted Cash:						
Beginning of year	<u>2,238,452</u>	<u>1,858,587</u>	<u>20,475</u>	<u>3,330,467</u>	<u>-</u>	<u>7,447,981</u>
End of year	<u>\$ 2,545,197</u>	<u>\$ 713,590</u>	<u>\$ 13,812</u>	<u>\$ 3,274,704</u>	<u>\$ -</u>	<u>\$ 6,547,303</u>
Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:						
Cash - operating	\$ 2,052,226	\$ 11,969	\$ 7,031	\$ 934,218	\$ -	\$ 3,005,444
Cash - development	-	701,621	-	303,479	-	1,005,100
Current portion of restricted deposits	-	-	6,781	434,456	-	441,237
Restricted deposits, net of current portion	492,971	-	-	1,602,551	-	2,095,522
Total cash and restricted cash shown in the consolidating statement of cash flows	<u>\$ 2,545,197</u>	<u>\$ 713,590</u>	<u>\$ 13,812</u>	<u>\$ 3,274,704</u>	<u>\$ -</u>	<u>\$ 6,547,303</u>
Supplemental Disclosure of Cash Flow Information:						
Cash paid for interest - expensed	<u>\$ 57,251</u>	<u>\$ 28,627</u>	<u>\$ -</u>	<u>\$ 1,198,075</u>	<u>\$ 9,764</u>	<u>\$ 1,293,717</u>
Cash paid for interest - capitalized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,718</u>	<u>\$ -</u>	<u>\$ 676,718</u>
Project under development placed into service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,566,294</u>	<u>\$ -</u>	<u>\$ 27,566,294</u>
Mortgage note payable converted to capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 988,712</u>	<u>\$ -</u>	<u>\$ 988,712</u>
Projects under development and property and equipment financed with construction payable	<u>\$ -</u>	<u>\$ 634,816</u>	<u>\$ -</u>	<u>\$ 358,714</u>	<u>\$ -</u>	<u>\$ 993,530</u>
Mortgage and notes payable refinanced	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,658,300</u>	<u>\$ -</u>	<u>\$ 6,158,300</u>
Forgiveness of mortgage and notes payable as part of sale of properties held for sale	<u>\$ -</u>	<u>\$ 1,005,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005,124</u>
Mortgages and notes payable paid with proceeds from sale of properties held for sale	<u>\$ -</u>	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,500,000</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

 Consolidating Statement of Cash Flows
 For the Year Ended December 31, 2018

	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
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
Deferred interest	-	-	-	477,275	(183,246)	294,029
Bad debts	-	-	-	123,376	-	123,376
Interest - amortization expense	1,000	1,207	-	35,737	-	37,944
Capital grants, net	-	(796,807)	-	-	-	(796,807)
Non-capitalized development costs	11,529	88,898	-	-	-	100,427
Provision against loans receivable	3,797,500	-	-	-	-	3,797,500
Proceeds from sale of tax credits	(3,797,500)	-	-	-	-	(3,797,500)
Changes in operating assets and liabilities:						
Contracts, loans and other receivables	(236,670)	300,147	880	(115,979)	-	(51,622)
Due from affiliates	(616,504)	53,130	(413,200)	-	976,574	-
Prepaid expenses and other	245	(15)	82	10,701	-	11,013
Accounts payable and other liabilities	16,023	21,986	(500)	83,553	-	121,062
Due to affiliates	-	-	-	616,504	(616,504)	-
Accrued interest	-	(559)	-	(46,867)	-	(47,426)
Net cash provided by (used in) operating activities	<u>(250,562)</u>	<u>387,807</u>	<u>(417,364)</u>	<u>747,289</u>	<u>1,632,147</u>	<u>2,099,317</u>
Cash Flows from Investing Activities:						
Issuance of loans receivable	(3,797,500)	-	-	-	-	(3,797,500)
Cash paid for projects under development	-	(6,319,412)	-	(12,983,388)	76,391	(19,226,409)
Due from affiliates	(467,006)	-	-	-	467,006	-
Purchases of and interest earned on certificate of deposit	(347)	-	-	-	-	(347)
Cash paid for non-capitalized development costs	(11,529)	(88,898)	-	-	-	(100,427)
Acquisition of property and equipment	(63,511)	-	-	(5,210,354)	-	(5,273,865)
Net cash used in investing activities	<u>(4,339,893)</u>	<u>(6,408,310)</u>	<u>-</u>	<u>(18,193,742)</u>	<u>543,397</u>	<u>(28,398,548)</u>
Cash Flows from Financing Activities:						
Principal payments on mortgage and notes payable	(18,564)	(27,194)	-	(162,042)	-	(207,800)
Payments on accrued interest	-	-	-	246,881	-	246,881
Due to affiliates	(53,150)	1,650,793	-	577,901	(2,175,544)	-
Capital grants received	-	788,781	-	-	-	788,781
Proceeds from sale of tax credits	3,797,500	-	-	-	-	3,797,500
Proceeds from contingent loans and advances	-	-	-	2,281,939	-	2,281,939
Proceeds from mortgage and notes payable	87,107	5,346,697	-	14,450,858	-	19,884,662
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>
Net Change in Cash and Restricted Cash	<u>(777,562)</u>	<u>1,738,574</u>	<u>(417,364)</u>	<u>(50,916)</u>	<u>-</u>	<u>492,732</u>
Cash and Restricted Cash:						
Beginning of year	<u>3,016,014</u>	<u>120,013</u>	<u>437,839</u>	<u>3,381,383</u>	<u>-</u>	<u>6,955,249</u>
End of year	<u>\$ 2,238,452</u>	<u>\$ 1,858,587</u>	<u>\$ 20,475</u>	<u>\$ 3,330,467</u>	<u>\$ -</u>	<u>\$ 7,447,981</u>
Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:						
Cash - operating	\$ 2,205,215	\$ 13,263	\$ 1,817	\$ 669,943	\$ -	\$ 2,890,238
Cash - development	2,565	1,845,324	-	610,518	-	2,458,407
Current portion of restricted deposits	-	-	18,658	397,501	-	416,159
Restricted deposits, net of current portion	30,672	-	-	1,652,505	-	1,683,177
Total cash and restricted cash shown in the consolidating statement of cash flows	<u>\$ 2,238,452</u>	<u>\$ 1,858,587</u>	<u>\$ 20,475</u>	<u>\$ 3,330,467</u>	<u>\$ -</u>	<u>\$ 7,447,981</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>
Cash paid for interest - capitalized	<u>\$ -</u>	<u>\$ 69,571</u>	<u>\$ -</u>	<u>\$ 322,121</u>	<u>\$ -</u>	<u>\$ 391,692</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>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2019

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

	2019												2018		
	NOAH, Inc.														
	Program Services			Supporting Services											
	Senior Home Repair	Housing Counseling	Community Services	Homebuyer Services Program	Real Estate and Economic Development	Property Management	General Administration	Fundraising	Total NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit F)	Eliminations	Total	Total
Personnel and Related:															
Salaries	\$ 77,034	\$ 102,493	\$ 247,256	\$ 207,411	\$ 281,242	\$ 280,823	\$ 77,185	\$ 104,696	\$ 1,378,140	\$ -	\$ -	\$ -	\$ -	\$ 1,378,140	\$ 1,284,821
Consulting and contract labor	11,775	14,000	-	2,640	86,365	22,870	11,489	-	149,139	-	-	689,805	-	838,944	834,642
Employee benefits	23,884	18,153	18,108	38,206	30,519	21,231	8,398	9,720	168,219	-	-	-	-	168,219	183,017
Payroll taxes	6,801	9,818	23,538	17,547	21,328	23,427	6,374	8,391	117,224	-	-	-	-	117,224	105,077
Total personnel and related	119,494	144,464	288,902	265,804	419,454	348,351	103,446	122,807	1,812,722	-	-	689,805	-	2,502,527	2,407,557
Other:															
Interest expense	-	-	-	-	78,671	-	-	-	78,671	39,598	-	1,231,367	(9,764)	1,339,872	1,031,838
Program expenses	56,910	700,586	194,185	8,321	2,302	26,625	3,174	537	992,640	-	-	55,650	-	1,048,290	839,469
Telephone and utilities	2,666	7,385	5,185	4,558	4,086	7,986	1,408	1,466	34,740	-	-	635,579	-	670,319	624,251
Insurance and taxes	9,937	904	1,981	3,885	2,432	6,367	12,430	885	38,821	6,610	2,656	621,248	-	669,335	597,999
Professional fees	3,425	6,628	7,499	12,450	21,126	15,793	31,371	3,925	102,217	34,484	1,880	202,205	-	340,786	237,719
Repairs, maintenance and security	2,066	3,174	7,306	5,261	5,166	8,488	1,273	10,303	43,037	-	-	518,300	(269,877)	291,460	248,155
Bad debts	-	-	-	-	-	-	-	-	-	-	-	209,856	-	209,856	123,376
Management fees	-	-	-	-	-	-	-	-	-	-	-	272,579	(123,719)	148,860	140,357
Supplies and general office	438	1,841	2,360	2,913	3,928	4,481	7,630	1,636	25,227	-	106	54,185	-	79,518	91,065
Miscellaneous	308	-	8	2,368	577	7,136	27,331	4,237	41,965	8,943	54	24,851	-	75,813	83,054
Travel and conferences	3,297	4,758	9,353	11,013	6,264	128	5,933	2,342	43,088	-	-	-	-	43,088	34,600
Facility	6,054	9,297	21,406	15,352	19,136	19,676	3,676	6,054	100,651	37,067	-	-	(104,651)	33,067	43,001
Dues and subscriptions	276	599	6,530	1,044	1,013	898	8,227	1,026	19,613	-	165	-	-	19,778	12,290
Advertising	18	419	2,772	9,257	1,916	-	-	189	14,571	-	-	-	-	14,571	12,025
Special events	-	-	-	-	-	-	500	6,098	6,598	-	-	-	-	6,598	53,974
Equipment rental and purchases	125	192	441	317	312	406	75	125	1,993	-	-	-	-	1,993	2,100
Total other	85,520	735,783	259,026	76,739	146,929	97,984	103,028	38,823	1,543,832	126,702	4,861	3,825,820	(508,011)	4,993,204	4,175,273
Total expenses before depreciation and amortization	205,014	880,247	547,928	342,543	566,383	446,335	206,474	161,630	3,356,554	126,702	4,861	4,515,625	(508,011)	7,495,731	6,582,830
Depreciation and Amortization	729	1,120	2,578	1,849	1,823	2,370	5,457	972	16,898	55,364	-	2,069,249	(12,898)	2,128,613	1,828,998
Total expenses	\$ 205,743	\$ 881,367	\$ 550,506	\$ 344,392	\$ 568,206	\$ 448,705	\$ 211,931	\$ 162,602	\$ 3,373,452	\$ 182,066	\$ 4,861	\$ 6,584,874	\$ (520,909)	\$ 9,624,344	\$ 8,411,828

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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

	NOAH, Inc.													
	Program Services						Supporting Services		Total NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs (Exhibit G)	Eliminations	Total
	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
Consulting and contract labor	9,070	40	4,391	2,400	57,017	119,041	23,535	-	215,494	-	-	619,148	-	834,642
Employee benefits	22,648	14,092	34,003	47,070	21,261	7,418	22,812	13,713	183,017	-	-	-	-	183,017
Payroll taxes	6,372	8,314	27,842	19,472	20,880	8,890	4,878	8,429	105,077	-	-	-	-	105,077
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
Other:														
Interest expense	-	-	-	-	31,771	-	-	-	31,771	40,837	-	959,230	-	1,031,838
Program expenses	60,242	549,759	150,781	21,824	2,295	6,329	3,896	-	795,126	-	-	44,343	-	839,469
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
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
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
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
Bad debts	-	-	-	-	-	-	-	-	-	-	-	123,376	-	123,376
Management fees	-	-	-	-	-	-	-	-	-	-	-	240,541	(100,184)	140,357
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
Miscellaneous	-	-	-	580	48	35	716	10,308	11,687	11,683	54	59,630	-	83,054
Travel and conferences	2,850	3,318	6,683	6,066	2,847	1,981	8,385	2,470	34,600	-	-	-	-	34,600
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
Dues and subscriptions	139	154	712	764	569	434	8,844	509	12,125	-	165	-	-	12,290
Advertising	738	922	3,271	5,557	360	127	581	469	12,025	-	-	-	-	12,025
Special events	-	-	-	-	-	-	-	53,974	53,974	-	-	-	-	53,974
Equipment rental and purchases	133	148	515	383	313	416	69	123	2,100	-	-	-	-	2,100
Total other	88,578	578,121	221,503	91,043	80,524	60,230	101,155	91,855	1,313,009	108,542	5,750	3,235,360	(487,388)	4,175,273
Total expenses before depreciation and amortization	200,567	705,756	611,429	387,426	458,148	303,555	214,602	219,935	3,101,418	108,542	5,750	3,854,508	(487,388)	6,582,830
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
Total expenses	\$ 201,320	\$ 706,590	\$ 614,354	\$ 389,637	\$ 459,924	\$ 305,924	\$ 219,915	\$ 220,659	\$ 3,118,323	\$ 163,906	\$ 5,750	\$ 5,620,895	\$ (497,046)	\$ 8,411,828

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

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, Aileron Homeownership LLC, Stevens Corner Limited Partnership, Sitkowski Limited Partnership, Shoe Shop Limited Partnership, Benfield Farms Limited Partnership, and Coppersmith Village Rental Limited Partnership (collectively referred to as Affiliates) (see Note 3). 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.

Adoption of Accounting Standards

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of Accounting Standards (Continued)

Revenue from Contracts with Customers (Continued)

On January 1, 2019, NOAH and Affiliates adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019 (the practical expedient elected). Results for reporting periods beginning after January 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with NOAH and Affiliates' historic accounting under Topic 605.

There were no material changes in the timing of recognition of revenue and, therefore, there was no adjustment to the opening balance of net assets without donor restrictions. NOAH and Affiliates do not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

Contributions Received and Contributions Made

On January 1, 2019, NOAH and Affiliates adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. NOAH and Affiliates adopted ASU 2018-08 using a modified prospective method effective January 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of January 1, 2019. As a result, the 2018 consolidating financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of January 1, 2019.

Restricted Cash

On January 1, 2019, NOAH and Affiliates adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash within the consolidating statement of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the consolidating statement of cash flows. This ASU has been applied retrospectively to all periods presented.

The adoption of ASU 2016-18 resulted in the following changes to NOAH and Affiliates' cash flow classification for the year ended December 31, 2018:

<u>Consolidating Statement of Cash Flows</u>	<u>2018 As Previously Reported</u>	<u>Effect of Adoption</u>	<u>2018 As Adjusted</u>
Operating activities	\$ 2,630,334	\$ (531,017)	\$ 2,099,317
Investing activities	(28,414,398)	15,850	(28,398,548)
Financing activities	<u>26,791,963</u>	<u>-</u>	<u>26,791,963</u>
Net change in cash and restricted cash	<u>\$ 1,007,899</u>	<u>\$ (515,167)</u>	<u>\$ 492,732</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Those highly liquid resources that are not generally available for current operations or otherwise restricted are classified as restricted deposits (see Note 5), and are included in cash and restricted cash for purposes of the consolidating statements of cash flows. Cash - development consists of cash accounts designated for projects under development and is also included in cash and restricted cash for purposes of the consolidating statements of cash flows.

Contracts, Loans and Other Receivables and Allowance for Doubtful Accounts

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

Properties Held for Sale

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

Capitalized Costs

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

Projects Under Development

All project-related costs incurred and considered to be recoverable during construction are capitalized for developments currently owned by NOAH and Affiliates as of December 31, 2019 and 2018. 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 2019 and 2018, NOAH and Affiliates recorded expenses totaling \$27,192 and \$100,427, respectively, related to the various projects under development 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, if purchased, or at fair value at the time of donation. Improvements and major repairs are capitalized, while ordinary repairs and maintenance are expensed as incurred (see Note 7). Depreciation is calculated using the straight-line method over the following estimated useful lives:

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

Depreciation expense for the years ended December 31, 2019 and 2018, was \$2,112,754 and \$1,819,308, respectively, and is included in depreciation and amortization in the accompanying consolidating financial statements.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

NOAH and Affiliates account for the carrying value of their property and equipment and projects under development in accordance with standards pertaining to ASC Topic, *Property, Plant and Equipment*, under U.S. GAAP. The carrying value is evaluated annually for impairment, and no impairment loss was recognized during 2019 or 2018. As of December 31, 2019 and 2018, NOAH and Affiliates have not recognized any reduction in the carrying value of their property and equipment when considering this standard.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method (see Note 11).

Net Asset Classifications

Net Assets Without Donor Restrictions

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

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

Net Assets With Donor Restrictions

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

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

- *Perpetual in nature* net assets 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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications (Continued)

Net Assets With Donor Restrictions (Continued)

NWA's net assets with donor restrictions were as follows as of December 31, 2019 and 2018:

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. Purpose restricted net assets are treated as released from restriction when they are spent on expenses of those specific activities.

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Program and initiatives:		
Homebuyer and homeowner services	\$ 573,854	\$ 380,809
Community services	307,482	546,560
Rental housing	<u>100,000</u>	<u>100,000</u>
	981,336	1,027,369
Perpetually restricted:		
NWA capital grants (see above)	<u>1,333,007</u>	<u>1,333,007</u>
	<u>\$ 2,314,343</u>	<u>\$ 2,360,376</u>

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

Consolidating Statements of Activities

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

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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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

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

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants and contributions with donor restrictions are recorded as revenues with donor restrictions and net assets when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Grants with donor restrictions received and satisfied in the same period are included in net assets without donor restrictions. Grants with donor restrictions are recorded as revenues with donor restrictions and net assets if they are received or committed with donor stipulations that the net assets are held in perpetuity or require specific authorization from donors before they are expended (see pages 14 and 15).

Rental income is recorded pro-rata over the life of the related leases and is shown net of vacancies and concessions. Interest and other income is recognized when earned.

Expense Allocation

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

Income Taxes

NOAH, Peace Properties, and NOAH CDFI (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 \$79,000 and \$65,000, respectively, available to offset future taxable income as of December 31, 2019. The General Partners and Managing Members had, for Federal and state income tax purposes, NOLs of approximately \$66,000 and \$54,000, respectively, available to offset future taxable income as of December 31, 2018. Federal and state NOLs incurred before 2018 may be carried forward for twenty years following the year of loss. These carryforwards expire at various times through 2037. NOLs incurred after 2017 do not expire. The General Partners' and Managing Members' potential tax benefits of NOLs have been fully reserved due to the uncertainty of their future use.

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018. NOAH and Affiliates' income taxes are subject to examination by the appropriate taxing jurisdictions.

Fair Value Measurements

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

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

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

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

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

Subsequent Events

Subsequent events have been evaluated through May 21, 2020, which is the date the consolidating financial statements were available to be issued. See Note 18 for an event that has met the criteria for disclosure in the consolidating financial statements.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

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 fifteen condominium units known as Border Falcon Condominium units and entered into a ground lease agreement (see Note 13).

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, 2019, Paco had purchased seventeen properties with a total of 47 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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidating Entities (Continued)

Rental Programs (Continued)

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

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

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

The investor limited partner 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. The final installment of \$404,186 was paid in 2019, upon reaching certain milestones outlined in the operating agreement.

Coppersmith Village Rental Limited Partnership (Coppersmith), a Massachusetts limited partnership, acquired land located in East Boston, Massachusetts from Peace Properties (see Note 6), and constructed a building which consists of a mix of 56 market rate and affordable rental units and a ground floor retail space (see Notes 6 and 9). The building was substantially completed in August 2019, and was placed into service at that time. Coppersmith is treated as a partnership for income tax purposes.

The investor limited partners originally committed \$7,605,476 in capital contributions to Coppersmith, payable in five installments. As a result of higher than anticipated low-income housing tax credits (LIHTC), the investor limited partners increased their committed capital contributions by \$385,000. The first installment of \$100, the second installment of \$988,712, which was a bridge loan that converted to a capital contribution upon the admission of the investor limited partners (see Note 11), and the third installment of \$1,520,995 were received as of December 31, 2019. The remaining two installments totaling \$5,480,669 are expected to be paid later in 2020.

Aileron Homeownership LLC (Aileron) was formed in August 2019 as a Massachusetts limited liability company to acquire and develop seven for-sale condominium units and to acquire and subdivide land that will subsequently be sold to a newly created consolidated affiliate that will develop 33 units of low to moderate-income housing and commercial space. As of December 31, 2019, Peace Properties has incurred certain predevelopment costs related to this project that will be transferred to Aileron in 2020 (see Note 6). NOAH is the sole owner of Aileron. Aileron is treated as a disregarded entity for income tax purposes. Aileron had no activity during 2019.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Other Entities

NOAH also maintains the following interests in general partners:

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

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

Unconsolidated Entities

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

143-153 Border Street Condominium Trust (the Border Street Trust) was created as the "Organization of Unit Owners" as required by the provisions of Chapter 183A of the Massachusetts General Laws for the purpose of managing and regulating the 143-153 Border Street Condominium, which was established and created by a Master Deed executed by Peace Properties. One condominium unit is occupied by NOAH and Affiliates and the other is occupied by an unrelated organization. NOAH is the manager of the Trust. NOAH earned \$12,362 in management fees for the years ended December 31, 2019 and 2018. There was \$11,330 and \$7,210 due from this trust at December 31, 2019 and 2018, respectively.

Coppersmith Condominium Trust (the Coppersmith Trust) was created during 2019 as the "Organization of Unit Owners" as required by the provisions of Chapter 183A of the Massachusetts General Laws for the purpose of managing and regulating Coppersmith Condominium, which was established and created by a Master Deed executed by Peace Properties. Coppersmith Condominium consists of 15 condos that Peace sold during 2019 (see Note 4). NOAH is the manager of the Trust. NOAH earned \$3,673 in management fees for the year ended December 31, 2019. There was \$3,673 due from this trust at December 31, 2019.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

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's liability is limited as follows:

Coppersmith	\$ 442,984
Sitkowski	\$ 350,000
Benfield	\$ 175,000
Shoe Shop	\$ 150,000

Mortgages and Notes Receivable

NOAH and Affiliates 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:

NOAH	<u>2019</u>	<u>2018</u>
3% note receivable, secured by a third mortgage on Coppersmith's property, due December 15, 2056	\$ 2,707,500	\$ -
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 bearing unsecured note receivable from Sitkowski, due December 31, 2053	99,832	99,832
5.75% unsecured note receivable, due in connection with the repayment of the East Boston Savings Bank construction loan (see Note 11) for the Coppersmith Condo Project (see Note 6)	<u>66,175</u>	<u>-</u>
Total NOAH	<u>10,277,886</u>	<u>7,504,211</u>
Peace Properties		
3% note receivable, secured by a fourth mortgage on Coppersmith Village's Property, due on December 15, 2056	<u>883,369</u>	<u>-</u>
	11,161,255	7,504,211
Less - valuation allowance	<u>11,095,080</u>	<u>7,504,211</u>
	<u>\$ 66,175</u>	<u>\$ -</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties (Continued)

Mortgages and Notes Receivable (Continued)

It is NOAH and Affiliates' policy to fully reserve these mortgages and notes receivable if 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. The balance of mortgages and notes receivable as of December 31, 2019, is included in contracts, loans and other receivables in the accompanying 2019 consolidating statement of financial position.

Property and Project Management Services

NOAH performs property and project management services for NOAH's related rental property entities and third party condo trusts (see Note 3). These properties are directly billed management fees for NOAH's staff assigned to the property, along with related expenses.

Property and project (Paco only) management fees between NOAH and related parties are as follows:

	<u>2019</u>	<u>2018</u>
Paz	\$ 146,630	\$ 146,629
Shalom	112,484	112,484
Paco (project management)	87,500	225,000
Siochain	46,456	46,454
Paco (property management)	42,645	34,046
Trinity House	34,120	34,120
Third party condo trusts	16,035	12,362
Benfield	5,797	5,628
Shoe Shop	<u>5,464</u>	<u>5,305</u>
	497,131	622,028
Add - elimination for doubtful accounts	37,500	150,000
Less - elimination for intercompany	<u>(393,596)</u>	<u>(384,666)</u>
	<u>\$ 141,035</u>	<u>\$ 387,362</u>

Developer Fees

NOAH, as the sponsor and developer of various partnerships, is entitled to a developer fee and overhead reimbursement for services provided during the development of the Rental Programs' projects. Total fees earned for the years ended December 31, 2019 and 2018, net of allowance, were as follows:

	<u>2019</u>	<u>2018</u>
Coppersmith (see Note 6)	<u>\$ 600,000</u>	<u>\$ 455,001</u>
Add - elimination for doubtful accounts	-	1,115,708
Less - elimination for recovery of doubtful accounts	(377,859)	-
Less - elimination of developer fee profits	<u>-</u>	<u>(76,391)</u>
	<u>\$ 222,141</u>	<u>\$ 1,494,318</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties (Continued)

Developer Fees (Continued)

The following is a summary of active developer fee contract balances (remaining balances to either be recognized or collected by NOAH) for projects owned and operated by affiliates as of and for the year ended December 31, 2019:

<u>Project</u>	<u>Total Contract</u>	<u>Recognized Prior to 2018</u>	<u>Recognized During 2018</u>	<u>Recognized During 2019</u>	<u>Remaining Contract Balance</u>
Coppersmith	<u>\$ 3,173,250</u>	<u>\$ 1,380,400</u>	<u>\$ 455,001</u>	<u>\$ 600,000</u>	<u>\$ 737,849</u>

The remaining contract balance relates to a development which has been completed, but a portion of revenue has not been recognized due to uncertain and significantly deferred collection terms.

Contract assets consist of developer fee receivables from Coppersmith were \$600,000 and \$262,500 as of December 31, 2019 and 2018, respectively, and are included in due from affiliates in the accompanying consolidating statements of financial position.

Rental Fees

Peace Properties charges NOAH rent for the usage of space. Total rent charged for the years ended December 31, 2019 and 2018, was \$100,651 and \$102,722, respectively.

Beginning in 2019, Coppersmith charges NOAH rent for the master lease with NOAH for the commercial space on the ground floor of the Coppersmith's property (see Note 9). Total rent charged for the year ended December 31, 2019, was \$4,000.

Other Transactions

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

	<u>2019</u>					<u>Total</u>
	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Allowance for Doubtful Accounts</u>	
NOAH receivable	\$ -	\$ 2,711,023	\$ 186,234	\$ 3,637,758	\$ (2,252,369)	\$ 4,282,646
NOAH CDFI receivable	45,000	696,983	-	242,616	-	984,599
Peace Properties receivable	-	-	-	223,206	(27,982)	195,224
Coppersmith receivable	4,000	-	-	-	-	4,000
Stevens Corner receivable	-	65,410	-	-	(65,410)	-
Subtotal	49,000	3,473,416	186,234	4,103,580	(2,345,761)	5,466,469
Less - current portion	<u>4,000</u>	<u>600,000</u>	<u>-</u>	<u>694,377</u>	<u>-</u>	<u>1,298,377</u>
	<u>\$ 45,000</u>	<u>\$ 2,873,416</u>	<u>\$ 186,234</u>	<u>\$ 3,409,203</u>	<u>\$ (2,345,761)</u>	<u>\$ 4,168,092</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties (Continued)

Other Transactions (Continued)

	2018					
	<u>NOAH</u>	<u>Peace Properties</u>	<u>NOAH CDFI</u>	<u>Rental Programs</u>	<u>Allowance for Doubtful Accounts</u>	<u>Total</u>
NOAH receivable	\$ -	\$ 2,014,766	\$ 186,234	\$ 3,515,205	\$ (2,575,338)	\$ 3,140,867
NOAH CDFI receivable	45,000	557,572	-	252,977	-	855,549
Peace Properties receivable	-	-	-	18,780	(18,780)	-
Coppersmith receivable	-	297,324	-	-	-	297,324
Stevens Corner receivable	-	<u>65,410</u>	-	-	<u>(65,410)</u>	-
Subtotal	45,000	2,935,072	186,234	3,786,962	(2,659,528)	4,293,740
Less - current portion	<u>-</u>	<u>975,006</u>	<u>-</u>	<u>466,192</u>	<u>-</u>	<u>1,441,198</u>
	<u>\$ 45,000</u>	<u>\$ 1,960,066</u>	<u>\$ 186,234</u>	<u>\$ 3,320,770</u>	<u>\$ (2,659,528)</u>	<u>\$ 2,852,542</u>

4. CERTIFICATE OF DEPOSIT

At December 31, 2019, NOAH has a thirty-six month certificate of deposit (CD) that bears interest at 0.75% per annum and is set to mature in January 2022. The fair value of the CD, which approximates the cost basis, was \$251,889 as of December 31, 2019. This CD is collateral for the NWSL 2017 AHMI fund, LLC note payable (see Note 11). Accordingly, this CD is reflected as a non-current asset in the accompanying 2019 consolidating statement of financial position.

At December 31, 2018, NOAH had a six-month CD that bore interest at 0.3% per annum, in the amount of \$115,691, which approximated the cost basis, that matured in June 2019. This CD was collateral for the NeighborWorks® Salt Lake (NWSL) 2012 AHMI Fund, LLC note payable (see Note 11). Accordingly, this CD was reflected as a non-current asset in the accompanying 2018 consolidating statement of financial position.

5. RESTRICTED DEPOSITS

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

	<u>2019</u>	<u>2018</u>
NOAH, Inc.:		
Restricted cash - current development projects	\$ 492,971	\$ 5,672
Loan loss reserve	<u>-</u>	<u>25,000</u>
Total NOAH, Inc.	<u>492,971</u>	<u>30,672</u>
NOAH CDFI:		
Revolving loan fund capital	<u>6,781</u>	<u>18,658</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

5. RESTRICTED DEPOSITS (Continued)

	<u>2019</u>	<u>2018</u>
Rental Programs:		
Operating reserves	950,229	1,022,420
Replacement reserves	666,987	644,425
Tenant security deposits	272,056	211,893
Operating and other escrows	<u>147,735</u>	<u>171,268</u>
Total Rental Programs	<u>2,037,007</u>	<u>2,050,006</u>
Total restricted deposits	2,536,759	2,099,336
Less - current portion	<u>441,237</u>	<u>416,159</u>
Non-current portion	<u>\$ 2,095,522</u>	<u>\$ 1,683,177</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. These reserves were adequately funded as of December 31, 2019 and 2018.

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 consisted 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) fifteen for-sale condominium units (the Coppersmith Condo Project) (see Note 2). The Coppersmith Rental Project is owned and operated by Coppersmith (see Note 3). The Coppersmith Condo Project was owned by Peace Properties.

During 2019, construction of the Coppersmith Condo Project, with a total cost of \$11,154,688, was completed and all fifteen for-sale condominium units were sold for \$7,604,500. The cost in excess of the sales price totaling \$3,550,188 is presented net of \$1,005,124 of related debt forgiven (see Note 11), and is reflected as loss on sale of properties held for sale in the accompanying 2019 consolidating statement of activities. The Coppersmith Rental Project was completed and placed in service in September 2019.

Union Block - Taunton, MA

The Union Block project consists of buildings located at 1-31 Main Street and 22 Weir Street in Taunton, Massachusetts. Peace Properties is expected to close on the acquisition of this real property for \$1,320,000 later in 2020, at which time the property will be developed into 38 affordable rental units.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

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, Middleborough, and Grafton, Massachusetts.

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

	<u>2019</u>	<u>2018</u>
Union Block (see page 26)	\$ 535,070	\$ 372,758
Aileron (see page 20)	381,206	96,505
Other (see above)	83,415	69,842
Coppersmith Rental Project (see page 26)	-	23,443,796
Coppersmith Condo Project (see page 26)	-	<u>5,102,725</u>
Total projects under development	999,691	29,085,626
Less - elimination	<u>-</u>	<u>388,760</u>
	<u>\$ 999,691</u>	<u>\$ 28,696,866</u>

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2019</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	\$ -	\$ 95,785,013	\$ 97,952,459
Land and improvements	-	603,946	-	7,010,293	7,614,239
Furniture, fixtures and equipment	248,358	-	1,300	1,084,013	1,333,671
Leasehold improvements	<u>21,798</u>	-	-	-	<u>21,798</u>
	270,156	2,771,392	1,300	103,879,319	106,922,167
Less - accumulated depreciation	231,039	861,824	1,300	13,285,027	14,379,190
Less - elimination	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>720,179</u>
	<u>\$ 39,117</u>	<u>\$ 1,909,568</u>	<u>\$ -</u>	<u>\$ 90,594,292</u>	<u>\$ 91,822,798</u>
	<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>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

8. CAPITALIZED COSTS

Capitalized costs consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Total costs incurred	\$ 210,823	\$ 141,252
Less - accumulated amortization	<u>71,899</u>	<u>55,940</u>
Net capitalized costs	<u>\$ 138,924</u>	<u>\$ 85,312</u>

Amortization expense for the years ended December 31, 2019 and 2018, was \$15,959 and \$9,690, 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 \$16,000.

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 leases a commercial unit to an unrelated tenant under a one year lease that ended on March 31, 2020, at which time the lease became a tenant-at-will agreement.

Coppersmith and NOAH entered into a master lease agreement for the commercial space located on the ground floor of the Coppersmith's property (see Note 3). The term of the lease is fifteen years starting on the commencement date (September 1, 2019), ending on September 1, 2034. The initial annual base rent is \$12,000, payable in fixed monthly installments. The base rent amount increases annually by 1%. Total commercial rent income was \$4,000 for the year ended December 31, 2019, which is eliminated in the accompanying 2019 consolidating statement of activities. NOAH owes Coppersmith \$4,000 as of December 31, 2019, which is reflected as due to affiliates in the accompanying 2019 consolidating statement of financial position. Future minimum rental payments under this agreement are as follows:

2020	\$ 12,040
2021	12,160
2022	12,282
2023	12,405
2024	12,529
Remaining years	<u>127,747</u>
Total	<u>\$ 189,163</u>

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 \$145,207 and \$174,677, respectively, less an allowance for doubtful accounts of \$132,614 and \$132,651 as of December 31, 2019 and 2018. 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, 2019 and 2018

10. LOANS RECEIVABLE (Continued)

NOAH

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

Total outstanding principal balances are \$10,808,125 and \$10,348,125 as of December 31, 2019 and 2018, 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, 2019 and 2018. The provision associated with the loan entered into in 2019 and 2018 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:

		2019			
Entity	Funding Source	Number of Loans	Loans Receivable	Allowance for Doubtful Accounts	Net
NCDFI NOAH	NW (see Note 2) Massachusetts historic and state low-income tax credits	3	\$ 145,244	\$ 132,651	\$ 12,593
		<u>3</u>	<u>10,808,125</u>	<u>10,808,125</u>	<u>-</u>
	Total	<u>6</u>	<u>\$ 10,953,369</u>	<u>\$ 10,940,776</u>	<u>\$ 12,593</u>
		2018			
Entity	Funding Source	Number of Loans	Loans Receivable	Allowance for Doubtful Accounts	Net
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>

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

2020	\$ 1,107
2021	\$ 1,162
2022	\$ 1,220
2023	\$ 1,281
2024	\$ 1,346

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

11. MORTGAGE AND NOTES PAYABLE

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

	<u>2019</u>	<u>2018</u>
NOAH (see page 34)	\$ 2,203,386	\$ 659,811
Peace Properties (see page 35)	1,062,048	7,475,670
Rental Programs (see page 38)	<u>30,596,709</u>	<u>31,883,991</u>
Total mortgage and notes payable	33,862,143	40,019,472
Less - unamortized debt issuance costs	539,161	290,931
Less - eliminations	<u>66,175</u>	-
	33,256,807	39,728,541
Less - current portion	<u>3,832,480</u>	<u>13,851,798</u>
	<u>\$ 29,424,327</u>	<u>\$ 25,876,743</u>

Debt issuance costs of \$869,093 and \$552,423 are shown net of accumulated imputed interest of \$329,932 and \$261,492 as of December 31, 2019 and 2018, respectively. Imputed interest totaled \$68,440 and \$37,944 for the years ended December 31, 2019 and 2018, 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>
2020	\$ 3,832,480	\$ 88,755
2021	\$ 7,185,078	\$ 63,063
2022	\$ 427,818	\$ 36,666
2023	\$ 2,932,134	\$ 34,907
2024	\$ 2,783,413	\$ 31,483
Thereafter	\$ 16,635,047	\$ 284,287

The mortgage and notes payable agreements contain various covenants with which NOAH and Affiliates must comply. NOAH and Affiliates did not meet certain financial covenants associated with its mortgage and notes payable as of December 31, 2019, for which NOAH and Affiliates obtained waiver.

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>2019</u>	<u>2018</u>
Rental Programs contingent loans and advances (see page 48)	\$ 40,371,546	\$ 34,679,324
Less - eliminations	<u>11,095,080</u>	<u>7,504,211</u>
	<u>\$ 29,276,466</u>	<u>\$ 27,175,113</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT LOANS AND ADVANCES (Continued)

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, 2019.

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 the General Partners' obligation to fund operating deficits, subsidize contract shortfalls, development cost overruns, payments for reduced tax benefits to limited partner investors, and other circumstances affecting the partnerships, as defined in the partnership agreements. NOAH's obligations under these agreements are limited (see Note 3).

NOAH has been notified of the following financing commitments for various projects under development (see Note 6) through May 21, 2020:

- \$735,222 from City of Boston through the Community Preservation Committee
- \$750,000 from Mass Historic Tax Credits
- \$650,000 from Brownfields Tax Credits
- \$250,000 from Affordable Housing Trust
- \$239,811 through Community Economic Development Assistance Corporation

During 2019, NOAH and Affiliates were awarded \$200,000 of Community Investment Tax Credits (CITCs) from the Department of Housing and Community Development (DHCD) to disburse to donors in exchange for donations. In addition, NOAH and Affiliates carried over approximately \$31,000 of unused 2018 credits that were utilized during 2019. The CITCs are provided to donors based upon 50% of eligible donations. NOAH and Affiliates received approximately \$334,000 in eligible donations during 2019 and provided approximately \$167,000 in CITCs, leaving approximately \$64,000 of credits to carryover to 2020.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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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.

During 2019 and 2018, 69% of contracts, grants and other fees revenue was from two unrelated third parties. As of December 31, 2019 and 2018, 59% and 52%, respectively, of contracts, loans and other receivables was due from three and two unrelated third parties, respectively.

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 2018 consolidating financial statements have been reclassified to conform with the 2019 presentation.

18. SUBSEQUENT EVENT

In March 2020, the COVID-19 coronavirus pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on NOAH and Affiliates, its operations, timing of closings for projects currently in development, and future consolidating financial statements. The accompanying consolidating financial statements have not been adjusted for any potential financial effects that may occur in the future related to the current uncertainty.

Management of NOAH and Affiliates is monitoring these events closely to assess the financial impact of the situation and determine appropriate courses of action. As of the date of this report, NOAH and Affiliates are unable to accurately predict how the Coronavirus will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

In April 2020, NOAH applied for and was awarded \$278,700 of Paycheck Protection Program (PPP) loan funds from the Small Business Administration (SBA) through Federal Coronavirus Aid, Relief and Economic Security (CARES) Act. These loan funds are subject to be forgiven provided that NOAH expends the proceeds on qualifying costs within eight weeks of receipt, as defined in the agreement. To the extent that qualifying costs are not incurred by NOAH, this loan bears interest at 1%, and is payable in monthly installments of principal and interest beginning in October 2020 through the maturity date of April 2022. In addition, in May 2020, NOAH applied for and was awarded \$10,000 of Economic Injury Disaster Loan (EIDL) loan funds from the SBA.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
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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 statements of financial position date, comprise the following at December 31:

	2019			
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs
Cash - operating	\$ 2,052,226	\$ 11,969	\$ 7,031	\$ 934,218
Cash - development	-	701,621	-	303,479
Current portion of restricted deposits	-	-	6,781	434,456
Current portion of contracts, loans and other receivables	<u>643,239</u>	<u>222,227</u>	<u>1,107</u>	<u>136,515</u>
	<u>2,695,465</u>	<u>935,817</u>	<u>14,919</u>	<u>1,808,668</u>
Less - cash held for programs and initiatives with donor restrictions (see Note 2)	(881,336)	-	-	(100,000)
Less - tenant security deposits	-	-	-	(272,056)
Less - development project cash	<u>-</u>	<u>(701,621)</u>	<u>-</u>	<u>(303,479)</u>
	<u>\$ 1,814,129</u>	<u>\$ 234,196</u>	<u>\$ 14,919</u>	<u>\$ 1,133,133</u>
	2018			
	NOAH, Inc.	Peace Properties	NOAH CDFI	Rental Programs
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>
	<u>2,810,547</u>	<u>1,899,437</u>	<u>22,644</u>	<u>1,785,507</u>
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, 2019 and 2018, NOAH had an average days of cash on hand of 101 and 122 (based on normal expenditures), respectively.

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
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11. MORTGAGE AND NOTES PAYABLE (Continued)

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

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
NOAH, Inc.							
NWSL 2017 AHMI Fund, LLC	5.50%	Certificate of Deposit (see Note 4)	Interest is due quarterly through March 25, 2024, at which time the entire principal balance and accrued and unpaid interest are due and payable in full.	\$ 1,000,000	\$ 33,000	\$ -	\$ -
NeighborWorks Capital Corporation	6.00%	Developer Fees from the Coppersmith Village and Coppersmith Condo projects, and the Paco Properties	Interest is due monthly through March 1, 2021, at which time the entire principal balance and accrued and unpaid interest are due and payable in full, or upon the sale or refinancing of the Paco Properties project and/or the receipt of developer fees from the Coppersmith Village Project.	890,000	18,542	-	-
Community Economic Development Assistance Corporation (CEDAC)	7.00%	All assets related to the Aileron 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 \$200,000.	172,082	5,550	-	-
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 \$300,000.	88,107	10,194	87,107	-
LISC	5.00%	Unsecured	Monthly payments of principal and interest totaling \$1,893 are due through June 1, 2022 (maturity).	53,197	3,214	72,704	4,156
NWSL 2012 AHMI Fund, LLC	5.25%	Certificate of Deposit (see Note 4)	Interest was due quarterly through May 1, 2019, at which time the entire principal balance and accrued interest were repaid with the proceeds from the NWSL 2017 AHMI Fund, LLC note (see above).	-	2,495	500,000	26,615
Total NOAH, Inc. (see page 30)				<u>2,203,386</u>	<u>72,995</u>	<u>659,811</u>	<u>30,771</u>
Peace Properties, Inc.							
Cambridge Savings Bank	4.75%	First mortgage on the 143 Border Street building, plus an assignment of rents and leases	Payments of principal and interest of \$4,303 are due monthly based on a thirty-year amortization schedule, with all outstanding principal and accrued interest due on June 1, 2022.	717,847	17,243	734,483	27,787
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 are no payments due in 2020 based on 2019 cash flow.	200,000	8,000	200,000	8,000

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

11. MORTGAGE AND NOTES PAYABLE (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Peace Properties, Inc. (Continued)							
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. Monthly payments of principal and interest totaling \$1,265 are due through September 2025 (maturity).	78,026	3,384	89,823	3,843
NOAH	5.75%	Unsecured	This note allows for borrowings up to \$410,000. Principal and interest are due in connection with the repayment of the East Boston Savings Bank construction loan, and as a result, the balance of this note is reflected as current in the accompanying consolidating statement of financial position as of December 31, 2019.	66,175	9,764	-	-
East Boston Savings Bank	4.38%	Mortgage on the Coppersmith Condo Project	Payments of principal and interest were due in amounts 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. During 2019, the entire principal balance and accrued interest were repaid with proceeds from sales. Capitalized interest as of December 31, 2018, totaled \$69,571.	-	-	5,500,000	-
City of Boston	0.00%	Mortgage on the Coppersmith Condo Project	Payments of principal were 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. The balance of this note totaling \$1,005,124 was forgiven in 2019 upon the sale of the remaining units at the Coppersmith Condo Project. This loan forgiveness was presented net of the loss on sale of the Coppersmith Condo Project (see Note 6).	-	-	951,364	-
Total Peace Properties, Inc. (see page 30)				<u>1,062,048</u>	<u>38,391</u>	<u>7,475,670</u>	<u>39,630</u>
Rental Programs							
Shalom Properties, Inc.							
Massachusetts Housing Partnership (MHP)	3.78%	Mortgage on 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 in July 2024.	881,268	34,038	902,433	34,986
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.	326,666	17,987	341,941	18,783
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.	<u>245,339</u>	<u>-</u>	<u>245,339</u>	<u>-</u>
Sub-total Shalom Properties, Inc.				<u>1,698,612</u>	<u>52,025</u>	<u>1,735,052</u>	<u>53,769</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
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11. MORTGAGE AND NOTES PAYABLE (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Rental Programs (Continued)							
<i>Paz Properties, Inc.</i>							
MHP	4.80%	Shared first mortgage on properties	Principal and interest are due in monthly installments of \$2,913 through maturity on July 24, 2020.	517,878	25,116	527,721	25,576
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.	259,120	16,733	273,311	17,594
Sub-total Paz Properties, Inc.				776,998	41,849	801,032	43,170
<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.	130,396	9,639	140,370	10,320
BCLF	3.50%	Second mortgage on properties	Principal and interest are due in monthly installments of \$938 through July 2022.	27,513	1,170	37,603	1,522
Sub-total Siochain Properties LP				157,909	10,809	177,973	11,842
<i>Paco Properties LLC</i>							
Community Housing Capital, Inc.	6.00%	Shared first mortgage on the properties	Revolving line of credit which allow for borrowings up to \$6,000,000. Interest-only payments are due monthly through September 27, 2021 (maturity), at which time all outstanding principal and accrued interest become due.	5,718,300	87,650	-	-
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	138,015	2,722,488	81,122
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.	2,615,390	88,942	1,480,000	21,316
Community Housing Capital, Inc.	5.25% - 6.50%	Shared first mortgage on the properties	Three revolving lines of credit which allowed for borrowings up to \$5,750,000. Interest-only payments were due monthly through August 26, 2019 (maturity), at which time the principal balance was refinanced with the new Community Housing Capital line of credit (see above).	-	262,240	5,658,300	376,611
Sub-total Paco Properties LLC				11,056,178	576,847	9,860,788	479,049

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Notes to Consolidating Financial Statements
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11. MORTGAGE AND NOTES PAYABLE (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Rental Programs (Continued)							
<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.	1,288,493	91,565	1,310,674	93,068
<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.	1,327,850	57,945	1,356,133	59,125
<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.	1,698,854	94,126	1,714,734	94,899
<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.	1,571,331	87,301	1,595,250	88,571
<i>Coppersmith LP</i>							
Mass Development Finance Agency (MDFA)	3.99%	Shared first mortgage on the property	Tax-exempt bond issued through MDFA (Series B), maturing on December 15, 2036. Monthly interest-only payments accrue at a rate equal to 70% of the <i>Wall Street Journal's</i> prime rate (3.325% at December 31, 2019) through October 15, 2019, at which time the Series B bond begins bearing interest at 3.99% through December 15, 2036 (maturity). Payments of principal and interest totaling \$27,813 on Series B are due monthly beginning on October 15, 2019, through maturity, at which time a balloon principal payment of \$3,202,296 is due.	5,699,093	77,238	-	-

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Notes to Consolidating Financial Statements
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11. MORTGAGE AND NOTES PAYABLE (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Interest Expense	Outstanding Principal	Interest Expense
Rental Programs (Continued)							
<i>Coppersmith LP</i> (Continued)							
MDFA	3.33%	Shared first mortgage on the property	Tax-exempt bond issued through MDFA (Series A), maturing on April 15, 2020. Interest-only payments accrue at a rate equal to 70% of the <i>Wall Street Journal's</i> prime rate for the first twenty-four months (3.325% at December 31, 2019) and are due monthly, with all unpaid principal and accrued interest due at maturity. The remaining balance of this loan will be repaid in 2020 with the Investor Limited Partners' capital contributions (see Note 3) and additional debt proceeds and, therefore, is classified as a long-term liability in the accompanying 2019 consolidating balance sheet. Capitalized interest as of December 31, 2019 and 2018, totaled \$676,718 and \$322,121, respectively.	4,923,125	73,468	13,332,355	-
MDFA	3.99%	Shared first mortgage on the property	Tax-exempt bond issued through MDFA (Series 2018), maturing on December 15, 2036. Monthly interest-only payments accrue at a rate equal to 70% of the <i>Wall Street Journal's</i> prime rate (3.325% at December 31, 2019) through October 15, 2019, at which time the Series 2018 bond begins bearing interest at 3.99% through December 15, 2036 (maturity). Payments of principal and interest totaling \$1,921 on Series 2018 are due monthly beginning on October 15, 2019, through maturity, at which time a balloon principal payment of \$230,433 is due.	398,266	6,637	-	-
Sub-total Coppersmith LP				<u>11,020,484</u>	<u>157,343</u>	<u>13,332,355</u>	<u>-</u>
Sub-total rental programs (see page 30)				<u>\$ 30,596,709</u>	<u>\$ 1,169,810</u>	<u>\$ 31,883,991</u>	<u>\$ 923,493</u>

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

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				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 2019 and 2018.	\$ 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 2019.	-	-	-	3,800	-	-
Sub-total Shalom Properties, Inc.				164,000	-	-	167,800	-	-
<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 are no payments due in 2020 based on 2019 cash flow.	1,111,871	12,269	12,269	1,111,871	-	-
City of Boston	1.50%	Mortgage on property	In January 2019, the note was amended to reduce the interest rate from 5.00% to 1.50%. Principal and interest are due in annual installments equal to 50% 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 on June 23, 2032. There are no payments due in 2020 based on 2019 cash flow.	727,245	14,985	14,985	727,245	-	-

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

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Paz Properties, Inc.</i> (Continued)									
City of Boston	0.00%	Unsecured	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 2020.	8,280	-	-	8,280	-	-
Sub-total Paz Properties, Inc.				3,261,081	27,254	27,254	3,261,081	-	-
<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	114,231	11,023	862,094	103,208	10,914
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	114,646	4,181	418,170	110,465	4,181
Sub-total Trinity House LLC				1,280,264	228,877	15,204	1,280,264	213,673	15,095
<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	646,541	54,239	380,000	592,302	51,373
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, 2019 or 2018, based on 2018 and 2017 cash flow, respectively. Principal and all accrued interest are due in full in October 2030.	380,000	1,132,950	109,148	380,000	1,023,802	101,439
Sub-total Siochain Properties LP				760,000	1,779,491	163,387	760,000	1,616,104	152,812

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<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 2069. 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 are no payments due in 2020 based on 2019 cash flow.	3,568,965	-	-	3,042,000	-	-
<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	359,088	40,158	1,338,580	318,930	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	188,567	20,063	668,772	168,504	20,063

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Stevens Corner LP (Continued)</i>									
NOAH	5.00%	Third mortgage on the property	Principal and interest are due and payable solely to the extent of available cash flow as set forth in the operating agreement. The note may be prepaid in whole or in part at any time without penalty through its maturity of August 15, 2041. There are no payments due in 2020 based on 2019 cash flow. There was a payment of \$19,207 of interest due in 2018 based on 2017 cash flow. This amount remains unpaid as of December 31, 2019.	511,179	98,410	25,529	511,179	72,881	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 are no payments due in 2020 based on 2019 cash flow.	352,138	-	-	352,138	-	-
North Shore HOME Consortium	3.00%	Shared second mortgage on the property	Accrued interest and principal are due on August 14, 2041. Stevens Corner has the option to extend the maturity date of the note for up to an additional forty years provided Stevens Corner continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	175,000	48,561	5,281	175,000	43,280	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	18,984	2,249	75,000	16,735	2,251
Sub-total Stevens Corner LP				4,105,669	713,610	93,280	4,105,669	620,330	93,280

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<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 2020 based on 2019 cash flow.	871,200	421	87	871,200	334	87
DHCD - AHTF	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2044. Benfield has the option to extend the maturity date of the note for up to an additional thirty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	850,000	-	-	850,000	-	-
DHCD - HSF	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2064. Benfield has the option to extend the maturity date of the note for up to an additional fifty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	550,000	-	-	550,000	-	-
DHCD - HOME	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2044. Benfield has the option to extend the maturity date of the note for up to an additional thirty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	550,000	-	-	550,000	-	-
Town of Carlisle Affordable Housing Trust	0.00%	Shared second mortgage on the property and an assignment of leases and rents	This note is due on January 5, 2044. Benfield has the option to extend the maturity date of the note for up to an additional thirty years provided Benfield continues to comply with certain affordable housing restrictions as set forth in the affordable housing restriction agreement.	425,000	-	-	425,000	-	-
Sub-total Benfield Farms LP				3,246,200	421	87	3,246,200	334	87

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Sitkowski LP</i>									
NOAH	3.32%	Shared second mortgage on the property	This note requires annual payments solely from net cash flow, with principal and any accrued or unpaid interest due on December 30, 2053. There are no payments due in 2020 based on 2019 cash flow.	2,700,000	358,809	89,640	2,700,000	269,169	89,640
NOAH	3.32%	Shared second mortgage on the property	This note requires annual payments solely from net cash flow, with principal and any accrued or unpaid interest due on December 30, 2053. There are no payments due in 2020 based on 2019 cash flow.	2,047,000	243,524	67,960	2,047,000	175,564	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	125,581	33,505	1,645,434	92,076	34,101
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	60,111	10,000	1,000,000	50,111	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	-	-
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	79,810	14,300	715,000	65,510	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 2020 based on 2019 cash flow.	99,832	-	-	99,832	-	-
Sub-total Sitkowski LP				9,207,266	867,835	215,405	9,207,266	652,430	216,001

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<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				<u>2,184,144</u>	<u>-</u>	<u>-</u>	<u>2,184,144</u>	<u>-</u>	<u>-</u>
<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. There are no payments due in 2020 based on 2019 cash flow. 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. Capitalized interest as of December 31, 2019, was \$155,778.	5,642,531	204,758	48,980	4,983,223	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Coppersmith LP</i> (Continued)									
NOAH	3.00%	Third mortgage on Coppersmith Village Project	These funds were provided to NOAH through the sale of the State LIHTC (State LIHTC loan) (see Note 3). Interest began accruing on this note upon completion of the Coppersmith Village Project and drawdown of the funds and is compounded annually. Outstanding interest and principal are due annually based on net cash flow, with outstanding principal and accrued interest due on December 15, 2056. There are no payments due in 2020 based on 2019 cash flow.	2,707,500	17,148	17,148	-	-	-
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. There are no payments due in 2020 based on 2019 cash flow. 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, 2019 and 2018, totaled \$24,960 and \$3,782, respectively.	1,411,807	28,846	3,886	378,189	2,663	-
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. There are no payments due in 2020 based on 2019 cash flow. 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, 2019 and 2018, totaled \$55,000 and \$40,000, respectively.	1,000,000	60,400	5,400	1,000,000	40,000	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				Outstanding Principal	Accrued Interest	Interest Expense	Outstanding Principal	Accrued Interest	Interest Expense
Rental Programs (Continued)									
<i>Coppersmith LP (Continued)</i>									
Peace Properties, Inc.	3.00%	Fourth mortgage on Coppersmith Village Project	Outstanding interest and principal are due annually based on net cash flow, with outstanding principal and accrued interest due on December 15, 2056. There are no payments due in 2020 based on 2019 cash flow.	883,369	9,202	9,202	-	-	-
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.	495,000	3,358	3,358	28,180	-	-
CEDAC	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. There are no payments due in 2020 based on 2019 cash flow. Outstanding principal is due on December 15, 2048. The Partnership has the option to extend the maturity date of the note for up to an additional thirty years provided the Partnership continues to comply with certain affordable housing restrictions as set forth in the Use Agreement.	285,000	-	-	-	-	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT LOANS AND ADVANCES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019			2018		
				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 are \$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. There are no payments due in 2020 based on 2019 cash flow.	168,750	-	-	46,596	-	-
MHEF	0.00%	Third mortgage on Coppersmith Village Project	Bridge loan that converted to a capital contribution upon the admission of the Investor Limited Partners 2019 (see Note 3).	-	-	-	988,712	-	-
Sub-total Coppersmith LP				<u>12,593,957</u>	<u>323,712</u>	<u>87,974</u>	<u>7,424,900</u>	<u>42,663</u>	<u>-</u>
Total Rental Programs (see page 30)				<u>\$ 40,371,546</u>	<u>\$ 3,941,200</u>	<u>\$ 602,591</u>	<u>\$ 34,679,324</u>	<u>\$ 3,145,534</u>	<u>\$ 477,275</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Programs
December 31, 2019
(With Summarized Comparative Totals as of December 31, 2018)

Assets	2019										2018	
	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	\$ 46,532	\$ 313,674	\$ 109,548	\$ 77,152	\$ 45,427	\$ 32,573	\$ 15,730	\$ 140,912	\$ 71,958	\$ 80,712	\$ 934,218	\$ 669,943
Cash - development	-	-	-	-	-	-	-	-	-	303,479	303,479	610,518
Current portion of restricted deposits	66,375	51,596	7,748	12,773	48,872	25,372	60,784	95,469	16,122	49,345	434,456	397,501
Contracts, loans and other receivables	11,341	6,096	4,102	3,519	10,227	16,193	28,209	8,135	4,499	44,194	136,515	107,545
Due from affiliates	-	-	-	-	-	-	-	-	-	4,000	4,000	297,324
Prepaid expenses and other	26,879	30,417	12,317	1,503	10,185	6,283	3,138	19,111	8,346	43,760	161,939	149,237
Total current assets	151,127	401,783	133,715	94,947	114,711	80,421	107,861	263,627	100,925	525,490	1,974,607	2,232,068
Restricted Deposits, net of current portion	103,957	393,611	195,036	48,592	4,727	157,805	286,744	234,716	177,363	-	1,602,551	1,652,505
Capitalized Costs, net	-	-	-	-	-	6,600	16,610	30,348	29,563	55,803	138,924	85,312
Projects Under Development	-	-	-	-	-	-	-	-	-	-	-	23,443,796
Property and Equipment, net	1,917,248	2,768,825	921,257	1,340,554	14,879,321	7,616,250	8,125,500	17,191,413	8,495,921	27,338,003	90,594,292	63,014,814
Total assets	\$ 2,172,332	\$ 3,564,219	\$ 1,250,008	\$ 1,484,093	\$ 14,998,759	\$ 7,861,076	\$ 8,536,715	\$ 17,720,104	\$ 8,803,772	\$ 27,919,296	\$ 94,310,374	\$ 90,428,495
Liabilities and Net Assets												
Current Liabilities:												
Current portion of mortgage and notes payable	\$ 37,833	\$ 532,985	\$ -	\$ 21,190	\$ 2,722,488	\$ 23,794	\$ 29,529	\$ 16,768	\$ 25,238	\$ 111,521	\$ 3,521,346	\$ 7,351,808
Current portion of accrued interest	-	-	-	-	46,399	19,207	-	-	7,320	34,989	107,915	68,154
Current portion of construction payable	-	-	-	-	-	-	-	-	-	303,479	303,479	521,623
Accounts payable and other liabilities	47,894	76,624	28,022	27,474	65,831	69,739	182,664	50,414	47,740	121,643	718,045	548,461
Current portion of due to affiliates	9,170	769	-	-	574,531	29,263	-	27,321	-	24,352	665,406	446,985
Total current liabilities	94,897	610,378	28,022	48,664	3,409,249	142,003	212,193	94,503	80,298	595,984	5,316,191	8,937,031
Long-Term Liabilities:												
Mortgage and notes payable, net	1,611,886	244,013	-	136,719	8,269,902	1,222,378	1,236,297	1,645,357	1,511,303	10,685,002	26,562,857	24,245,625
Due to affiliates, net of current portion	75,000	-	94,626	187,794	915,735	-	429,629	-	21,519	1,684,900	3,409,203	3,320,770
Construction payable, net of current portion	-	-	-	-	-	-	-	-	-	55,235	55,235	1,273,813
Accrued interest, net of current portion	-	27,254	228,877	1,779,491	-	694,403	421	867,835	-	323,712	3,921,993	3,387,428
Contingent loans and advances	164,000	3,261,081	1,280,264	760,000	3,568,965	4,105,669	3,246,200	9,207,266	2,184,144	12,593,957	40,371,546	34,679,324
Total long-term liabilities	1,850,886	3,532,348	1,603,767	2,864,004	12,754,602	6,022,450	4,912,547	11,720,458	3,716,966	25,342,806	74,320,834	66,906,960
Total liabilities	1,945,783	4,142,726	1,631,789	2,912,668	16,163,851	6,164,453	5,124,740	11,814,961	3,797,264	25,938,790	79,637,025	75,843,991
Net Assets:												
Without donor restrictions:												
Operating	(105,937)	117,282	105,693	67,473	(525,651)	(18,581)	(74,803)	185,892	53,185	379,495	184,048	239,979
Property and equipment	132,486	(902,897)	(487,474)	(1,496,048)	(639,441)	1,715,204	3,486,778	5,719,251	4,953,323	1,601,011	14,082,193	13,937,417
Total without donor restrictions	26,549	(785,615)	(381,781)	(1,428,575)	(1,165,092)	1,696,623	3,411,975	5,905,143	5,006,508	1,980,506	14,266,241	14,177,396
With donor restrictions	200,000	207,108	-	-	-	-	-	-	-	-	407,108	407,108
Total net assets	226,549	(578,507)	(381,781)	(1,428,575)	(1,165,092)	1,696,623	3,411,975	5,905,143	5,006,508	1,980,506	14,673,349	14,584,504
Total liabilities and net assets	\$ 2,172,332	\$ 3,564,219	\$ 1,250,008	\$ 1,484,093	\$ 14,998,759	\$ 7,861,076	\$ 8,536,715	\$ 17,720,104	\$ 8,803,772	\$ 27,919,296	\$ 94,310,374	\$ 90,428,495

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Programs
December 31, 2018

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	\$ 31,896	\$ 280,034	\$ 92,911	\$ 48,437	\$ 33,299	\$ 8,905	\$ 68,826	\$ 61,796	\$ 43,839	\$ -	\$ 669,943
Cash - development	-	-	-	-	-	-	-	88,895	-	521,623	610,518
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
Contracts, loans and other receivables	22,465	17,084	8,647	4,440	29,911	7,768	39	1,280	15,911	-	107,545
Due from affiliates	-	-	-	-	-	-	-	-	-	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
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
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
Capitalized Costs, net	-	-	-	-	-	9,624	18,422	33,285	23,981	-	85,312
Projects Under Development	-	-	-	-	-	-	-	-	-	23,443,796	23,443,796
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
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
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
Current portion of accrued interest	-	-	-	-	41,500	19,207	-	-	7,447	-	68,154
Current portion of construction payable	-	-	-	-	-	-	-	-	-	521,623	521,623
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
Current portion of due to affiliates	9,170	-	-	-	-	20,010	54,000	27,321	336,484	-	446,985
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
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
Due to affiliates, net of current portion	75,000	-	94,626	187,794	1,172,865	-	382,075	-	-	1,408,410	3,320,770
Construction payable, net of current portion	-	-	-	-	-	-	-	-	-	1,273,813	1,273,813
Accrued interest, net of current portion	-	-	213,673	1,616,104	-	601,123	334	652,430	-	303,764	3,387,428
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
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
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
Net Assets:											
Without donor restrictions:											
Operating	(111,294)	112,485	89,293	42,836	45,663	(39,737)	(29,162)	131,552	465	(2,122)	239,979
Property and equipment	148,701	(861,550)	(424,616)	(1,293,858)	(706,379)	2,053,787	3,702,221	6,473,658	4,845,453	-	13,937,417
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
With donor restrictions	200,000	207,108	-	-	-	-	-	-	-	-	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
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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Programs

For the Year Ended December 31, 2019

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

	2019										2018	
	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	\$ 468,495	\$ 525,779	\$ 156,410	\$ 188,711	\$ 807,698	\$ 549,302	\$ 377,067	\$ 602,489	\$ 354,373	\$ 380,848	\$ 4,411,172	\$ 3,741,921
Interest income and other, net	10,677	10,031	5,316	2,582	20,092	8,945	22,518	49,049	11,655	14,756	155,621	152,851
Total operating revenues	479,172	535,810	161,726	191,293	827,790	558,247	399,585	651,538	366,028	395,604	4,566,793	3,894,772
Operating expenses:												
Rental programs	416,526	416,268	135,490	141,973	1,056,851	545,614	403,340	632,002	366,787	400,774	4,515,625	3,854,508
Depreciation and amortization	73,504	128,838	57,490	63,486	275,315	236,780	257,242	504,198	242,837	229,559	2,069,249	1,766,387
Total operating expenses	490,030	545,106	192,980	205,459	1,332,166	782,394	660,582	1,136,200	609,624	630,333	6,584,874	5,620,895
Changes in net assets without donor restrictions from operations	(10,858)	(9,296)	(31,254)	(14,166)	(504,376)	(224,147)	(260,997)	(484,662)	(243,596)	(234,729)	(2,018,081)	(1,726,123)
Non-operating expenses:												
Rent-up costs	-	-	-	-	-	-	-	-	-	(202,844)	(202,844)	-
Deferred interest	-	(27,254)	(15,204)	(163,387)	-	(93,280)	(87)	(215,405)	-	(87,974)	(602,591)	(477,275)
Total non-operating expenses	-	(27,254)	(15,204)	(163,387)	-	(93,280)	(87)	(215,405)	-	(290,818)	(805,435)	(477,275)
Changes in net assets without donor restrictions	\$ (10,858)	\$ (36,550)	\$ (46,458)	\$ (177,553)	\$ (504,376)	\$ (317,427)	\$ (261,084)	\$ (700,067)	\$ (243,596)	\$ (525,547)	\$ (2,823,516)	\$ (2,203,398)

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Programs
For the Year Ended December 31, 2018

	<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	\$ 463,901	\$ 495,883	\$ 164,531	\$ 173,987	\$ 618,462	\$ 547,229	\$ 366,394	\$ 587,244	\$ 324,290	\$ -	\$ 3,741,921
Interest income and other, net	36,874	25,464	963	3,409	418	11,458	20,885	45,649	7,731	-	152,851
Total operating revenues	<u>500,775</u>	<u>521,347</u>	<u>165,494</u>	<u>177,396</u>	<u>618,880</u>	<u>558,687</u>	<u>387,279</u>	<u>632,893</u>	<u>332,021</u>	<u>-</u>	<u>3,894,772</u>
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
Depreciation and amortization	73,408	127,060	62,802	63,439	212,147	235,552	253,627	501,079	237,273	-	1,766,387
Total operating expenses	<u>481,203</u>	<u>574,449</u>	<u>183,213</u>	<u>211,910</u>	<u>1,060,312</u>	<u>827,948</u>	<u>614,754</u>	<u>1,082,770</u>	<u>583,199</u>	<u>1,137</u>	<u>5,620,895</u>
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)
Non-operating expenses:											
Deferred interest	-	-	(15,095)	(152,812)	-	(93,280)	(87)	(216,001)	-	-	(477,275)
Changes in net assets without donor restrictions	<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>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Programs
For the Years Ended December 31, 2019 and 2018

	<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, 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	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
Capital contributions	-	-	-	-	-	-	-	-	404,186	2,509,807	2,913,993
Syndication costs	-	-	-	-	-	-	-	-	-	(1,632)	(1,632)
Changes in net assets	<u>(10,858)</u>	<u>(36,550)</u>	<u>(46,458)</u>	<u>(177,553)</u>	<u>(504,376)</u>	<u>(317,427)</u>	<u>(261,084)</u>	<u>(700,067)</u>	<u>(243,596)</u>	<u>(525,547)</u>	<u>(2,823,516)</u>
Net Assets , December 31, 2019	<u>\$ 226,549</u>	<u>\$ (578,507)</u>	<u>\$ (381,781)</u>	<u>\$ (1,428,575)</u>	<u>\$ (1,165,092)</u>	<u>\$ 1,696,623</u>	<u>\$ 3,411,975</u>	<u>\$ 5,905,143</u>	<u>\$ 5,006,508</u>	<u>\$ 1,980,506</u>	<u>\$ 14,673,349</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Functional Expenses - Rental Programs
 For the Year Ended December 31, 2019
 (With Summarized Comparative Totals for the Year Ended December 31, 2018)

	2019										2018	
	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	\$ 17,181	\$ 29,420	\$ 17,971	\$ 10,940	\$ 34,426	\$ 160,902	\$ 111,684	\$ 165,893	\$ 73,206	\$ 68,182	\$ 689,805	\$ 619,148
Other:												
Interest expense	59,711	41,849	-	10,809	615,045	95,237	62,290	95,132	90,657	160,637	1,231,367	959,230
Telephone and utilities	62,333	48,453	24,307	13,642	53,669	116,224	82,847	157,923	39,799	36,382	635,579	588,554
Insurance and taxes	71,835	68,741	18,559	26,174	182,869	57,449	21,758	86,883	36,265	50,715	621,248	551,841
Repairs, maintenance and security	93,448	124,091	34,812	30,635	30,911	48,007	64,078	47,860	23,374	21,084	518,300	488,379
Management fees	26,136	33,725	6,277	20,757	42,645	33,463	24,615	32,601	29,993	22,367	272,579	240,541
Bad debts	44,359	35,133	13,850	8,089	89,257	883	-	-	18,285	-	209,856	123,376
Professional fees	13,743	13,470	14,593	16,522	3,442	21,086	21,202	18,782	44,499	34,866	202,205	126,127
Program expenses	19,951	14,080	2,331	2,526	-	1,602	5,797	2,822	-	6,541	55,650	44,343
Supplies and general office	6,522	5,089	671	1,119	-	7,269	7,977	14,829	10,709	-	54,185	53,339
Miscellaneous	1,307	2,217	2,119	760	4,587	3,492	1,092	9,277	-	-	24,851	59,630
Total other	399,345	386,848	117,519	131,033	1,022,425	384,712	291,656	466,109	293,581	332,592	3,825,820	3,235,360
Total expenses before depreciation and amortization	416,526	416,268	135,490	141,973	1,056,851	545,614	403,340	632,002	366,787	400,774	4,515,625	3,854,508
Depreciation and Amortization	73,504	128,838	57,490	63,486	275,315	236,780	257,242	504,198	242,837	229,559	2,069,249	1,766,387
Total expenses	\$ 490,030	\$ 545,106	\$ 192,980	\$ 205,459	\$ 1,332,166	\$ 782,394	\$ 660,582	\$ 1,136,200	\$ 609,624	\$ 630,333	\$ 6,584,874	\$ 5,620,895

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Consolidating Statement of Functional Expenses - Rental Programs
For the Year Ended December 31, 2018

	<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	\$ 36,374	\$ 50,085	\$ 17,670	\$ 15,749	\$ 28,531	\$ 184,967	\$ 60,550	\$ 153,176	\$ 72,046	\$ -	\$ 619,148
Other:											
Interest expense	61,455	43,170	-	11,842	494,720	96,741	63,470	95,905	91,927	-	959,230
Telephone and utilities	60,395	50,177	20,007	12,983	50,033	136,614	87,964	112,621	57,760	-	588,554
Insurance and taxes	76,427	73,421	17,982	25,132	125,407	64,650	51,412	86,980	30,430	-	551,841
Repairs, maintenance and security	90,708	123,723	33,388	31,139	35,836	48,366	43,140	60,323	21,756	-	488,379
Management fees	26,136	33,725	6,277	20,757	34,046	33,565	27,956	31,131	26,948	-	240,541
Bad debts	17,983	40,899	8,492	14,567	41,285	150	-	-	-	-	123,376
Professional fees	12,755	13,403	13,870	10,270	275	16,927	13,008	14,347	31,272	-	126,127
Program expenses	19,359	10,625	885	1,975	-	2,135	5,628	3,736	-	-	44,343
Supplies and general office	5,143	7,707	600	3,539	-	5,252	7,999	12,812	10,287	-	53,339
Miscellaneous	1,060	454	1,240	518	38,032	3,029	-	10,660	3,500	1,137	59,630
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
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
Depreciation and Amortization	73,408	127,060	62,802	63,439	212,147	235,552	253,627	501,079	237,273	-	1,766,387
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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Supplementary Schedule of NeighborWorks® America's Restricted Net Assets
December 31, 2019

	<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	\$ 193,798	\$ -	\$ -	\$ 193,798
NOAH CDFI - loans receivable from Homeownership program	30,207	(17,614)	-	12,593
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 Peace Properties for Coppersmith LP	195,224	-	-	195,224
Investments:				
Peace Properties investment	452,000	(429,111)	429,074	451,963
Property and Equipment:				
Paz Properties, Inc.	207,108	-	-	207,108
Shalom Properties, Inc.	100,000	-	-	100,000
Total assets	<u>\$ 1,465,658</u>	<u>\$ (734,046)</u>	<u>\$ 601,395</u>	<u>\$ 1,333,007</u>

NOTE: This schedule has been prepared for the purpose of providing additional information to certain users of the accompanying 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.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed-Through the City of Boston - Department of Neighborhood Development:			
Community Development Block Grants/Entitlement Grants	14.218 (1)	DNDC11001 DNDC10001	\$ 2,070,462
HOME Investment Partnerships Program	14.239	N/A	727,245
Rent Supplements - Rental Housing for Lower Income Families	14.149	N/A	164,000
Passed-Through Massachusetts Housing Partnership:			
Community Development Block Grants/Entitlement Grants	14.218 (1)	N/A	<u>1,013,685</u>
Total U.S. Department of Housing and Urban Development			<u>3,975,392</u>
U.S. Department of Treasury:			
Passed-Through NeighborWorks® America Enabling Legislation:			
Permanent Capital Funds	21.000	N/A	1,465,658
Expendable Grants	21.000	N/A	<u>393,969</u>
Total U.S. Department of Treasury			<u>1,859,627</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,835,019</u></u>
Total for the following cluster:			
CDBG - Entitlement Grants Cluster			
14.218	(1)		<u><u>\$ 3,084,147</u></u>

Note 1. Basis of Presentation

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

NOAH's consolidating financial statements include certain limited partnerships, which are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2019, since the limited partnerships are not subject to the Uniform Guidance.

Note 2. Loans Outstanding

The Community Development Block Grants/Entitlement Grants (CFDA #14.218) contains five loans totaling \$2,125,556 at December 31, 2019, which was the highest total balance of the loans during 2019.

The HOME Investment Partnerships Program (CFDA #14.239) represents the balance due on a loan at December 31, 2019, which was the highest balance of the loan during 2019.

The Rent Supplements - Rental Housing for Lower Income Families (CFDA #14.149) represents the balance due on a loan at December 31, 2019, which was the highest balance of the loan during 2019.

Note 3. Indirect Cost Rate

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



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Neighborhood of Affordable Housing, Inc. and Affiliates (collectively, NOAH and Affiliates), which comprise the consolidating statement of financial position as of December 31, 2019, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated May 21, 2020. The statements of certain limited partnerships were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the limited partnerships.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

AAFCPA, Inc.

Boston, Massachusetts
May 21, 2020



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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Neighborhood of Affordable Housing, Inc. and Affiliates' (collectively, NOAH and Affiliates) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on NOAH and Affiliates' major Federal program for the year ended December 31, 2019. NOAH and Affiliates' major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

NOAH and Affiliates' consolidating financial statements include the financial statements of certain limited partnerships, which their Federal awards are not included in the schedule of expenditures of federal awards for the year ended December 31, 2019. Our audit, described below, did not include the Federal awards of the limited partnerships because the limited partnerships are not subject to Uniform Guidance standards.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for NOAH and Affiliates' major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about NOAH and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of NOAH and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, NOAH and Affiliates complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on its major Federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of NOAH and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered NOAH and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NOAH and Affiliates' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

AAFCPA, Inc.

Boston, Massachusetts
May 21, 2020

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs
December 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

Consolidating Financial Statements

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

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

Internal control over financial reporting:

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

Noncompliance material to consolidating financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

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

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

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

Identification of major Federal program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Community Development Block Grants/Entitlement Grants	14.218

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

Auditee qualified as low-risk auditee? Yes No

2. CONSOLIDATING FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None