



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

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

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JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined statements of financial position of Neighborhood of Affordable Housing, Inc. (a Massachusetts corporation, not for profit) (NOAH) and Affiliates as of June 30, 2011 and 2010, and the related combined statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended. These combined financial statements are the responsibility of the management of NOAH and Affiliates. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Neighborhood of Affordable Housing, Inc. and Affiliates as of June 30, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic combined financial statements of Neighborhood of Affordable Housing, Inc taken as a whole. The accompanying supplementary combining statements of operating programs and rental programs for the years ended June 30, 2011 and 2010 are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic combined financial statements taken as a whole.

Alexander Aronson Finning & Co., P.C.
Wellesley, Massachusetts
November 17, 2011

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

<u>ASSETS</u>	<u>OPERATING</u>	<u>RENTAL PROGRAMS</u>	<u>ELIMI- NATIONS</u>	<u>TOTAL</u>
CURRENT ASSETS:				
Cash	\$ 990,472	\$ 307,212	\$ -	\$ 1,297,684
Current portion of restricted deposits	192,717	74,014	-	266,731
Current portion of contracts, loans and other receivables	493,520	14,785	-	508,305
Due from affiliates	33,500	-	(33,500)	-
Prepaid expenses and other	12,139	26,991	-	39,130
Total current assets	<u>1,722,348</u>	<u>423,002</u>	<u>(33,500)</u>	<u>2,111,850</u>
RESTRICTED DEPOSITS, net of current portion	18,811	479,783	-	498,594
CONTRACTS, LOANS AND OTHER RECEIVABLES, net of current portion and allowance for doubtful accounts of \$535,019	285,725	-	-	285,725
PROJECTS UNDER DEVELOPMENT	7,623,300	-	-	7,623,300
PROPERTY AND EQUIPMENT, net	<u>2,420,881</u>	<u>8,352,302</u>	<u>-</u>	<u>10,773,183</u>
Total assets	<u>\$ 12,071,065</u>	<u>\$ 9,255,087</u>	<u>\$ (33,500)</u>	<u>\$ 21,292,652</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Current portion of mortgages and notes payable	\$ 313,547	\$ 77,524	\$ -	\$ 391,071
Capital lease obligation	7,917	-	-	7,917
Accounts payable and other liabilities	897,087	215,375	-	1,112,462
Deferred revenue	-	2,042	-	2,042
Current portion of due to affiliates	-	33,500	(33,500)	-
Total current liabilities	<u>1,218,551</u>	<u>328,441</u>	<u>(33,500)</u>	<u>1,513,492</u>
LONG-TERM LIABILITIES:				
Mortgages and notes payable, net of current portion	5,368,735	6,024,553	-	11,393,288
Due to affiliates, net of current portion	-	287,736	(287,736)	-
Accrued interest	33,630	818,302	-	851,932
Developer fee payable	-	111,593	(111,593)	-
Contingent loans and advances	<u>3,034,387</u>	<u>2,073,501</u>	<u>-</u>	<u>5,107,888</u>
Total long-term liabilities	<u>8,436,752</u>	<u>9,315,685</u>	<u>(399,329)</u>	<u>17,353,108</u>
Total liabilities	<u>9,655,303</u>	<u>9,644,126</u>	<u>(432,829)</u>	<u>18,866,600</u>
NET ASSETS:				
Unrestricted:				
Operating	889,038	(429,859)	399,329	858,508
Development	(4,598)	-	-	(4,598)
Property and equipment	<u>(170,179)</u>	<u>(256,389)</u>	<u>-</u>	<u>(426,568)</u>
Total unrestricted	714,261	(686,248)	399,329	427,342
Temporarily restricted	588,869	100,000	-	688,869
Permanently restricted - NW capital funds	<u>1,151,036</u>	<u>307,108</u>	<u>-</u>	<u>1,458,144</u>
Total net assets attributable to NOAH	2,454,166	(279,140)	399,329	2,574,355
Non-controlling interest in consolidated subsidiaries	<u>(38,404)</u>	<u>(109,899)</u>	<u>-</u>	<u>(148,303)</u>
Total net assets	<u>2,415,762</u>	<u>(389,039)</u>	<u>399,329</u>	<u>2,426,052</u>
Total liabilities and net assets	<u>\$ 12,071,065</u>	<u>\$ 9,255,087</u>	<u>\$ (33,500)</u>	<u>\$ 21,292,652</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

<u>ASSETS</u>	<u>OPERATING</u>	<u>RENTAL PROGRAMS</u>	<u>ELIMI- NATIONS</u>	<u>TOTAL</u>
CURRENT ASSETS:				
Cash	\$ 760,421	\$ 100,117	\$ -	\$ 860,538
Current portion of restricted deposits	559,304	139,353	-	698,657
Current portion of contracts, loans and other receivables	415,698	14,580	-	430,278
Current portion of due from affiliates	46,705	-	(46,705)	-
Prepaid expenses and other	17,886	65,481	-	83,367
Total current assets	1,800,014	319,531	(46,705)	2,072,840
RESTRICTED DEPOSITS, net of current portion	381,092	201,831	-	582,923
CONTRACTS, LOANS AND OTHER RECEIVABLES, net of current portion and allowance for doubtful accounts of \$476,421	324,091	-	-	324,091
DUE FROM AFFILIATES, net of current portion	22,040	-	(22,040)	-
PROJECTS UNDER DEVELOPMENT	2,991,832	-	-	2,991,832
PROPERTY AND EQUIPMENT, net	2,489,861	6,013,672	(176,764)	8,326,769
Total assets	\$ 8,008,930	\$ 6,535,034	\$ (245,509)	\$ 14,298,455
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Current portion of mortgages and notes payable	\$ 792,846	\$ 238,185	\$ -	\$ 1,031,031
Current portion of capital lease obligation	13,572	-	-	13,572
Accounts payable and other liabilities	881,795	123,937	-	1,005,732
Deferred revenue	10,397	1,050	-	11,447
Current portion of due to affiliates	-	46,705	(46,705)	-
Total current liabilities	1,698,610	409,877	(46,705)	2,061,782
LONG-TERM LIABILITIES:				
Mortgages and notes payable, net of current portion	1,639,964	3,998,446	-	5,638,410
Due to affiliates, net of current portion	-	190,445	(190,445)	-
Accrued interest	25,786	88,058	-	113,844
Contingent loans and advances	2,357,727	2,073,501	-	4,431,228
Capital lease obligation, net of current portion	7,919	-	-	7,919
Non-controlling interest in consolidated subsidiary	(25,879)	-	-	(25,879)
Total long-term liabilities	4,005,517	6,350,450	(190,445)	10,165,522
Total liabilities	5,704,127	6,760,327	(237,150)	12,227,304
NET ASSETS:				
Unrestricted:				
Operating	672,190	71,167	168,405	911,762
Development	36,184	-	-	36,184
Property and equipment	(129,073)	(703,568)	(176,764)	(1,009,405)
Total unrestricted	579,301	(632,401)	(8,359)	(61,459)
Temporarily restricted	574,466	100,000	-	674,466
Permanently restricted - NW capital funds	1,151,036	307,108	-	1,458,144
Total net assets	2,304,803	(225,293)	(8,359)	2,071,151
Total liabilities and net assets	\$ 8,008,930	\$ 6,535,034	\$ (245,509)	\$ 14,298,455

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

<u>UNRESTRICTED NET ASSETS</u>	<u>OPERATING</u>	<u>RENTAL PROGRAMS</u>	<u>ELIMI- NATIONS</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Rental income	\$ 72,692	\$ 1,147,753	\$ -	\$ 1,220,445
Contracts, grants and other fees	723,501	-	-	723,501
Project management and developer fees	430,417	-	-	430,417
Interest income and other	100,531	12,337	-	112,868
Property management fees	335,557	-	(318,362)	17,195
Net assets released from purpose restrictions	847,913	-	-	847,913
Total operating revenues	<u>2,510,611</u>	<u>1,160,090</u>	<u>(318,362)</u>	<u>3,352,339</u>
OPERATING EXPENSES:				
Operating Programs	2,388,176	-	-	2,388,176
Rental Programs	-	1,332,891	(361,492)	971,399
Total operating expenses	<u>2,388,176</u>	<u>1,332,891</u>	<u>(361,492)</u>	<u>3,359,575</u>
Changes in unrestricted net assets from operations	<u>122,435</u>	<u>(172,801)</u>	<u>43,130</u>	<u>(7,236)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>				
GRANTS AND CONTRIBUTIONS	862,316	-	-	862,316
NET ASSETS RELEASED FROM PURPOSE RESTRICTIONS	<u>(847,913)</u>	<u>-</u>	<u>-</u>	<u>(847,913)</u>
Changes in temporarily restricted net assets	<u>14,403</u>	<u>-</u>	<u>-</u>	<u>14,403</u>
Changes in net assets	136,838	(172,801)	43,130	7,167
<u>CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</u>	<u>12,525</u>	<u>118,945</u>	<u>-</u>	<u>131,470</u>
Changes in net assets attributable to NOAH and Affiliates	<u>\$ 149,363</u>	<u>\$ (53,856)</u>	<u>\$ 43,130</u>	<u>\$ 138,637</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

<u>UNRESTRICTED NET ASSETS</u>	<u>OPERATING</u>	<u>RENTAL PROGRAMS</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Rental income	\$ 70,822	\$ 969,430	\$ -	\$ 1,040,252
Contracts, grants and other fees	666,452	-	-	666,452
Project management and developer fees	299,468	-	-	299,468
Interest income and other	71,115	11,528	(16,577)	66,066
Property management fees	322,296	-	(261,065)	61,231
Loss on real estate development	(4,620)	-	-	(4,620)
Net assets released from purpose restrictions	863,183	-	-	863,183
Total operating revenues	<u>2,288,716</u>	<u>980,958</u>	<u>(277,642)</u>	<u>2,992,032</u>
OPERATING EXPENSES:				
Operating Programs	2,284,564	-	-	2,284,564
Rental Programs	-	949,077	(362,187)	586,890
Total operating expenses	<u>2,284,564</u>	<u>949,077</u>	<u>(362,187)</u>	<u>2,871,454</u>
Changes in unrestricted net assets from operations	4,152	31,881	84,545	120,578
OTHER INCOME:				
Forgiveness of debt	50,000	-	-	50,000
Changes in unrestricted net assets	<u>54,152</u>	<u>31,881</u>	<u>84,545</u>	<u>170,578</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>				
GRANTS AND CONTRIBUTIONS	825,100	-	-	825,100
NET ASSETS RELEASED FROM PURPOSE RESTRICTIONS	<u>(863,183)</u>	<u>-</u>	<u>-</u>	<u>(863,183)</u>
Changes in temporarily restricted net assets	<u>(38,083)</u>	<u>-</u>	<u>-</u>	<u>(38,083)</u>
<u>PERMANENTLY RESTRICTED NET ASSETS</u>				
GRANTS AND CONTRIBUTIONS	50,000	-	-	50,000
PROVISION FOR VALUATION ALLOWANCE ON NW FUND INVESTMENTS	<u>(129,687)</u>	<u>-</u>	<u>-</u>	<u>(129,687)</u>
Changes in permanently restricted net assets	<u>(79,687)</u>	<u>-</u>	<u>-</u>	<u>(79,687)</u>
Changes in net assets	(63,618)	31,881	84,545	52,808
<u>CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</u>				
	14,324	-	-	14,324
Changes in net assets attributable to NOAH and Affiliates	<u>\$ (49,294)</u>	<u>\$ 31,881</u>	<u>\$ 84,545</u>	<u>\$ 67,132</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	NOAH AND AFFILIATES			NON- CONTROLLING INTEREST	TOTAL
	OPERATING	RENTAL PROGRAMS	ELIMI- NATIONS		
NET ASSETS, June 30, 2009	\$ 2,354,097	\$ (257,174)	\$ (175,672)	\$ -	\$ 1,921,251
Consolidation of Trinity House LLC	-	-	82,768	-	82,768
Changes in net assets	(49,294)	31,881	84,545	-	67,132
NET ASSETS, June 30, 2010	2,304,803	(225,293)	(8,359)	-	2,071,151
Adoption of accounting principal	-	9	364,558	(16,833)	347,734
Changes in net assets	149,363	(53,856)	43,130	(131,470)	7,167
NET ASSETS, June 30, 2011	\$ 2,454,166	\$ (279,140)	\$ 399,329	\$ (148,303)	\$ 2,426,052

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>OPERATING</u>	<u>RENTAL PROGRAMS</u>	<u>ELIMI- NATIONS</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Changes in unrestricted net assets from operations	\$ 122,435	\$ (172,801)	\$ 43,130	\$ (7,236)
Adjustments to reconcile changes in unrestricted net assets from operations to net cash provided by (used in) operating activities:				
Depreciation	77,524	266,409	-	343,933
Bad debt	105,806	11,478	-	117,284
Changes in operating assets and liabilities:				
Contracts, loans and other receivables	(145,262)	(7,510)	-	(152,772)
Prepaid expenses and other	5,747	41,374	-	47,121
Accounts payable and other liabilities	(331,203)	83,495	-	(247,708)
Deferred revenue	(10,397)	992	-	(9,405)
Accrued interest	7,844	105,198	-	113,042
Net increase in temporarily restricted net assets	14,403	-	-	14,403
Net cash provided by (used in) operating activities	<u>(153,103)</u>	<u>328,635</u>	<u>43,130</u>	<u>218,662</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in projects under development	(3,863,829)	-	-	(3,863,829)
Acquisition of property and equipment	(8,544)	(735,780)	-	(744,324)
Increase in restricted deposits	307,724	(187,355)	-	120,369
Net cash used in investing activities	<u>(3,564,649)</u>	<u>(923,135)</u>	<u>-</u>	<u>(4,487,784)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Due from affiliates	35,245	-	(35,245)	-
Due to affiliates	-	7,885	(7,885)	-
Principal payments of mortgages and notes payable	(41,606)	(250,759)	-	(292,365)
Proceeds from mortgages and notes payable	3,291,078	1,044,469	-	4,335,547
Proceeds from contingent loan advance	676,660	-	-	676,660
Principal payments on capital lease obligation	(13,574)	-	-	(13,574)
Net cash provided by financing activities	<u>3,947,803</u>	<u>801,595</u>	<u>(43,130)</u>	<u>4,706,268</u>
NET INCREASE IN CASH	230,051	207,095	-	437,146
CASH, beginning of year	760,421	100,117	-	860,538
CASH, end of year	<u>\$ 990,472</u>	<u>\$ 307,212</u>	<u>\$ -</u>	<u>\$ 1,297,684</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	<u>\$ 74,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,696</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>OPERATING</u>	<u>RENTAL PROGRAMS</u>	<u>ELIMI- NATIONS</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Changes in unrestricted net assets from operations	\$ 4,152	\$ 31,881	\$ 84,545	\$ 120,578
Adjustments to reconcile changes in unrestricted net assets from operations to net cash provided by operating activities:				
Depreciation	77,790	207,095	(101,122)	183,763
Bad debt	40,514	2,001	-	42,515
Changes in operating assets and liabilities:				
Contracts, loans and other receivables	(157,998)	(2,172)	-	(160,170)
Prepaid expenses and other	501	(16,833)	-	(16,332)
Accounts payable and other liabilities	2,873	776	-	3,649
Deferred revenue	(3,227)	-	-	(3,227)
Accrued interest	(7,025)	5,212	-	(1,813)
Net decrease in temporarily restricted net assets	(38,083)	-	-	(38,083)
Net cash provided by (used in) operating activities	<u>(80,503)</u>	<u>227,960</u>	<u>(16,577)</u>	<u>130,880</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in projects under development	(1,178,300)	-	-	(1,178,300)
Acquisition of property and equipment	(1,249)	(70,744)	-	(71,993)
Increase in restricted deposits	(389,341)	(8,023)	-	(397,364)
Net cash used in investing activities	<u>(1,568,890)</u>	<u>(78,767)</u>	<u>-</u>	<u>(1,647,657)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Due from affiliates	(52,048)	-	52,048	-
Due to affiliates	-	35,471	(35,471)	-
Principal payments of mortgages and notes payable	(973,304)	(85,668)	-	(1,058,972)
Proceeds from mortgages and notes payable	278,270	-	-	278,270
Principal payments of capital lease obligation	(13,573)	-	-	(13,573)
Proceeds from contingent loan advance	2,207,727	-	-	2,207,727
Proceeds of NW capital funds	50,000	-	-	50,000
Net cash provided by (used in) financing activities	<u>1,497,072</u>	<u>(50,197)</u>	<u>16,577</u>	<u>1,463,452</u>
NET INCREASE (DECREASE) IN CASH	(152,321)	98,996	-	(53,325)
CASH, beginning of year	<u>912,742</u>	<u>1,121</u>	<u>-</u>	<u>913,863</u>
CASH, end of year	<u>\$ 760,421</u>	<u>\$ 100,117</u>	<u>\$ -</u>	<u>\$ 860,538</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	<u>\$ 80,925</u>	<u>\$ 121,402</u>	<u>\$ -</u>	<u>\$ 202,327</u>
NON CASH FINANCING ACTIVITY:				
Forgiveness of debt	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	OPERATING												
	CENTRAL ADMINISTRATION	SENIOR HOME REPAIR	HOUSING COUNSELING	COMMUNITY SERVICES	HOMERUYER SERVICES PROGRAM	REAL ESTATE AND ECONOMIC DEVELOPMENT	PROPERTY MANAGEMENT	NOAH CDFI	ELIMINATIONS	TOTAL OPERATING PROGRAMS	RENTAL PROGRAMS	ELIMINATIONS	TOTAL
PERSONNEL AND RELATED COSTS:													
Salaries	\$ 188,191	\$ 63,798	\$ 23,775	\$ 271,579	\$ 279,580	\$ 174,459	\$ 134,581	\$ 8,111	\$ -	\$ 1,144,074	\$ -	\$ -	\$ 1,144,074
Employee benefits	29,029	14,959	1,232	29,594	39,794	15,189	12,227	568	-	142,592	-	-	142,592
Consulting and contract labor	9,623	610	-	24,910	6,324	8,037	55,225	-	-	104,729	30,504	-	135,233
Payroll taxes	18,163	6,554	2,785	28,221	29,251	15,664	15,313	797	-	116,748	-	-	116,748
Total personnel and related costs	245,006	85,921	27,792	354,304	354,949	213,349	217,346	9,476	-	1,598,143	30,504	-	1,538,647
OTHER:													
Special events and other program expenses	10,763	54,074	99	155,084	23,707	1,629	798	-	-	246,154	48,599	-	294,753
Interest expense and bank fees	8,967	-	-	-	-	6,937	-	73	(8,225)	7,752	267,091	-	274,843
Insurance and taxes	8,593	10,422	294	3,379	7,107	3,422	6,589	3,605	-	43,411	162,079	-	205,490
Professional fees	31,212	811	454	3,407	4,485	56,258	2,666	5,075	-	104,368	55,038	-	159,406
Facility	44,654	19,197	6,822	69,892	65,925	35,807	37,800	-	(137,379)	142,718	-	-	142,718
Telephone and utilities	2,795	1,887	513	3,786	5,614	1,469	3,793	-	-	19,857	118,804	-	138,661
Bad debt	67,746	-	-	-	67,140	67,140	-	-	(8,225)	126,661	11,478	(49,918)	88,221
Repairs, maintenance and security	3,315	1,523	789	5,843	6,404	2,262	3,643	-	-	23,779	336,831	-	49,036
Supplies and general office	6,291	727	805	4,539	7,814	7,856	5,111	79	-	33,222	-	-	33,222
Travel and conferences	2,275	1,309	7	1,376	5,223	5,428	3,700	-	-	19,318	8,530	-	27,648
Miscellaneous	3,742	67	-	162	25	3,656	461	3,440	-	11,553	4,217	-	15,770
Equipment rental and purchases	2,205	189	98	848	1,606	281	451	-	-	5,678	9,527	-	15,205
Condo fee	-	580	-	-	-	-	-	-	-	-	13,984	-	13,984
Advertising	981	89	-	1,280	6,479	101	-	-	-	9,421	-	-	9,421
Dues and subscriptions	6,547	-	46	497	530	445	213	250	-	8,617	-	-	8,617
Total other	200,086	90,875	9,927	250,093	134,919	192,691	65,225	12,522	(153,829)	802,509	1,035,978	(361,492)	1,476,995
Total expenses before depreciation	445,092	176,796	37,719	604,397	489,868	406,040	282,571	21,998	(153,829)	2,310,652	1,066,482	(361,492)	3,015,642
DEPRECIATION													
	14,439	5,634	1,202	19,259	15,609	12,377	9,004	-	-	77,524	266,409	-	343,933
	\$ 459,531	\$ 182,430	\$ 38,921	\$ 623,656	\$ 505,477	\$ 418,417	\$ 291,575	\$ 21,998	\$ (153,829)	\$ 2,388,176	\$ 1,332,891	\$ (361,492)	\$ 3,359,575

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	OPERATING PROGRAMS											TOTAL	
	CENTRAL ADMINS- TRATION	SENIOR HOME REPAIR	HOUSING COUNSELLING	COMMUNITY SERVICES	HOMEBUYER SERVICES	REAL ESTATE AND ECONOMIC DEVELOPMENT	PROPERTY MANAGEMENT	NOAH CDPL	ELIMI- NATIONS	ELIMI- NATIONS	RENTAL PROGRAMS		ELIMI- NATIONS
PERSONNEL AND RELATED COSTS:													
Salaries	\$ 198,200	\$ 61,388	\$ 22,960	\$ 254,750	\$ 295,214	\$ 130,620	\$ 123,497	\$ 6,735	\$ -	\$ -	\$ -	\$ -	\$ 1,093,364
Employee benefits	31,919	15,403	901	16,117	55,892	11,800	13,984	-	-	-	-	-	146,016
Consulting and contract labor	2,540	3,350	-	38,175	9,986	33,943	57,056	-	-	-	-	-	173,612
Payroll taxes	17,555	5,449	2,044	22,552	26,099	11,632	11,059	620	-	-	-	-	97,010
Total personnel and related costs	250,214	85,590	25,905	331,594	387,191	187,995	205,596	7,355	-	-	-	-	1,510,002
OTHER:													
Special events and other program expenses	4,714	45,821	111	206,330	1,204	2,184	675	-	-	-	-	-	289,392
Interest expense and bank fees	12,813	-	-	-	-	7,120	2,844	3,589	-	-	-	-	139,543
Insurance and taxes	8,044	9,068	285	3,157	7,298	2,861	5,013	3,586	(8,225)	-	-	-	175,234
Professional fees	20,815	-	-	-	-	17,515	6,134	6,000	-	-	-	-	78,877
Facility	50,654	16,218	8,399	66,317	73,622	17,377	45,560	-	(136,006)	-	-	-	142,141
Telephone and utilities	3,170	1,779	579	4,284	6,669	1,409	4,605	-	-	-	-	-	117,021
Bad debt	8,500	-	-	-	-	8,225	29,775	2,239	(8,225)	-	-	-	42,515
Repairs, maintenance and security	3,257	1,481	767	10,137	7,150	1,711	582	-	-	-	-	-	31,915
Supplies and general office	8,360	1,453	843	10,957	10,124	7,852	5,481	120	-	-	-	-	45,190
Travel and conferences	4,229	1,547	-	3,426	3,383	7,185	4,540	-	-	-	-	-	32,661
Miscellaneous	7,667	-	-	500	-	20,662	133	354	-	-	-	-	35,440
Equipment rental and purchases	2,365	196	101	3,373	3,143	904	1,110	-	-	-	-	-	15,697
Condo fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	75	-	-	340	6,720	467	-	-	-	-	-	-	16,128
Dues and subscriptions	7,436	39	20	148	176	173	92	249	-	-	-	-	7,602
Total other	142,299	77,602	11,105	308,969	119,489	95,645	106,544	16,137	(152,456)	-	-	-	1,177,689
Total expenses before depreciation	392,513	163,192	37,010	640,563	506,680	283,640	312,140	23,492	(152,456)	-	-	-	2,687,691
DEPRECIATION	29,479	3,442	1,783	14,075	15,625	3,688	9,676	22	-	-	-	-	183,763
	\$ 421,992	\$ 166,634	\$ 38,793	\$ 654,638	\$ 522,305	\$ 287,328	\$ 321,816	\$ 23,514	\$ (152,456)	\$ -	\$ (261,065)	\$ (362,187)	\$ 2,871,454

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

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. The Affiliates include NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Trinity House LLC, Siochain Properties LP, Pace Border LLC, Amani Properties LLC and Stevens Corner LP (see Note 2). NOAH and its Affiliates share common management, facilities and Board membership.

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 are deductible by donors within the requirements of the IRC.

SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Principles of Combination

The combined financial statements include the net assets of NOAH and Affiliates (see Note 2). The accounts of wholly-owned and majority-owned subsidiary corporations, including the general partners of NOAH's developments, have been consolidated with NOAH in the accompanying combined financial statements (see Note 2). The non-controlling interests of majority-owned subsidiaries and other affiliates, where material, have been reflected as non-controlling interest as a component of net assets in the accompanying combined statements of financial position (see page 14).

Siochain Properties Limited Partnership (Siochain) (see Note 2) is combined in these financial statements as of June 30, 2011, due to the adoption rules surrounding *Consolidation of Variable Interest Entities*. An entity considered to be the primary beneficiary of the VIE has both (a) the power to direct activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Under previous guidance, an entity was considered to be a primary beneficiary when it had the obligation to absorb *expected losses* rather than *potential losses*. NOAH is the primary beneficiary of Siochain. As a result of this change in accounting principal, the financial statements of Siochain are required to be consolidated with those of NOAH. The net impact of applying this change as of the beginning of the year ended June 30, 2011, was \$347,734 as presented in the accompanying combined statements of changes in net assets.

All significant balances between classes of equity, intercompany balances, and transactions have been eliminated in the accompanying combined financial statements.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Combination (Continued)

The adoption of accounting principal consists of the following at June 30, 2011:

	<u>NOAH Share</u>	<u>Non-controlling Interest Share</u>	<u>Total</u>
Impact of adoption of non-controlling interest standards - Pace Border	\$ -	\$(25,879)	\$ (25,879)
Impact of adoption of variable interest entity standards - Syndicated rental program	9	9,046	9,055
Share of intercompany eliminations	<u>364,558</u>	<u>-</u>	<u>364,558</u>
Total	<u>\$364,567</u>	<u>\$(16,833)</u>	<u>\$347,734</u>

Cash

NOAH considers all highly liquid investments originated with a maturity of three months or less, and that are available for current operations, to be cash for purposes of the combined statements of cash flows. Those highly liquid resources that are not generally available for current operations or otherwise restricted are classified as restricted deposits (see Note 3).

Contracts, Loans and Other Receivables and Allowance for Doubtful Accounts

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

Projects Under Development

All project-related costs incurred during construction are capitalized for developments currently owned by Peace Properties, Inc., Amani Properties LLC and Stevens Corner Limited Partnership. These include construction, soft costs, overhead, interest, and others and are reflected in projects under development (see Note 7) in the accompanying combined financial statements.

Property, Equipment and Depreciation

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

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

Depreciation expense for the years ended June 30, 2011 and 2010, was \$343,933 and \$183,763, respectively.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation (Continued)

NOAH and affiliates account for the carrying value of their property and equipment and projects under development in accordance with the requirements of U.S. GAAP standards for *Impairment or Disposal of Long-Lived Assets*. As of June 30, 2011 and 2010, NOAH and its affiliates have not recognized any reduction in the carrying value of its property and equipment when considering this standard.

Revenue Recognition

Rental income is recognized in the period the related facilities are occupied by the tenants. Property management fees and project management and developer fees are recognized as revenue when such services are rendered. However, due to the contingent nature of certain developer fees, some are not recognized until received or when collection is assured. Contracts are recognized over the term of the contract as services are provided. Interest income is recognized as earned. In general, NOAH reports grants and contributions when received or unconditionally committed by the donor as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions.

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the combined statements of activities as net assets released from restrictions.

Allocation Method

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

Donated Goods and Services

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

Net Asset Classifications

Unrestricted Net Assets

NOAH and its Affiliates classify unrestricted net assets into three categories:

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

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications (Continued)

Temporarily restricted net assets consist of those net resources not yet released from their donor-designated purpose restriction. At June 30, 2011 and 2010, temporarily restricted net assets were restricted for the following:

	<u>2011</u>	<u>2010</u>
Homebuyer and homeowner services	\$368,685	\$264,490
Community services	210,184	309,976
Rental housing	100,000	100,000
Other	<u>10,000</u>	<u>-</u>
	<u>\$688,869</u>	<u>\$674,466</u>

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

Included in temporarily restricted grants are capital grant proceeds which have been invested into projects under development and in lending activities (see Note 7). It is NOAH's policy to release these net assets from restriction upon final disposition of the particular project.

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

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

NW's permanently restricted net assets were as follows as of June 30 2011 and 2010:

Cumulative capital grants received, net of authorized write-offs (see above and Note 9)	\$1,593,573	\$1,593,573
Cumulative valuation allowance	(634,503)	(634,503)
Add – Inter-company elimination	<u>499,074</u>	<u>499,074</u>
	<u>\$1,458,144</u>	<u>\$1,458,144</u>

Non-controlling interest represents the non-controlling interests in Pace Border and Siochain (see Note 2).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value

NOAH follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Income Taxes

NOAH and its Affiliates follow the U.S. GAAP standards for *Accounting for Uncertainty in Income Taxes*, which requires NOAH and its Affiliates to report any uncertain tax positions and to adjust their combined financial statements for the impact thereof. As of June 30, 2011, NOAH and its Affiliates determined that they had no material unrecognized tax benefits to report. NOAH and its Affiliates file returns in the United States Federal and Massachusetts state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

Subsequent Events

Subsequent events have been evaluated through November 17, 2011, which is the date the combined financial statements were available to be issued (see page 17).

(2) RELATED PARTY TRANSACTIONS

Combined Entities

NOAH's combined financial statements include the following entities:

Operating

These entities represent core operations:

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

NOAH CDFI (see page 16) advanced Peace Properties capital funds to invest in its real estate development activities. During fiscal year 2011, NOAH CDFI advanced Peace Properties \$170,831 for the Benfield Farms Project, \$75,064 for the A.J. Sitkowski School project and \$6,500 for other projects. During fiscal year 2010, NOAH CDFI advanced Peace Properties \$130,900 for the Stevens Corner Project and \$126,915 for the Benfield Farms and A.J. Sitkowski School projects. There were \$379,310 and \$126,915 outstanding at June 30, 2011 and 2010, respectively, and are included in current portion due to affiliates in the accompanying combined statements of financial position. These advances are non-interest bearing and are due at construction closing of projects (see Note 7). During fiscal year 2010, the amounts advanced for the Stevens Corner Project were paid during the construction closing of Stevens Corner (see Note 7 and page 17).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(2) RELATED PARTY TRANSACTIONS (Continued)

Combined Entities (Continued)

Operating (Continued)

Peace Properties, Inc. (Peace Properties) (Continued)

As of June 30, 2011 and 2010, Peace Properties owes Stevens Corner \$65,410 for cash advances. These amounts are included in due to affiliates in the accompanying combined statements of financial position at June 30, 2011 and 2010. As of June 30, 2011 and 2010, Peace Properties also owed NOAH \$16,019 for cash advances. This amount is fully reserved by NOAH because the amount is not expected to be realized in the near term.

Peace Properties has an equity investment in Pace Border. Peace Properties records its investment under the equity method of accounting. As of June 30, 2011 and 2010, Peace Properties' investment in Pace Border had been reduced to zero.

Peace Properties owns land, which it leases to Amani Properties (see below) under a ground lease agreement. Amani Properties had developed fourteen condominium units known as Border Falcon Condominium units on this land. The ground lease agreement expires July, 2015, with an option to extend the original term of the lease for one additional period of ninety-nine years. 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 5) 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 (see Note 6) is repaid.

Amani Properties Limited Liability Corporation (Amani Properties) was formed in June, 2006, as a limited liability company for the purpose of engaging in the development, management and conveyance of interests in the real properties located at 10 Border Street and 427-429 Falcon Street in East Boston, Massachusetts. Amani is treated as a limited liability company for income tax purposes. NOAH is the sole member of Amani Properties. NOAH CDFI lent Amani Properties capital funds to invest in its real estate development activities. There was \$126,215 and \$70,600 outstanding at June 30, 2011 and 2010, respectively, for the 278 Maynard North Road project (see Note 7).

NOAH Community Development Fund, Inc. (NOAH CDFI) was formed in 2001 as a non-profit affiliate of NOAH to provide loans and counseling for homeownership to low to moderate income residents. NOAH CDFI is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the IRC.

NOAH CDFI has used the funds for loans in accordance with NW guidelines. NOAH CDFI sets general policy, project criteria guidelines, and makes decisions with respect to this fund. NOAH CDFI maintains final responsibility for all funds received and ensures that such funds are used in a manner consistent with NOAH CDFI's Board's directives and NW restrictions (see Note 1).

NOAH CDFI lent Peace Properties and Amani Properties capital funds to invest in their real estate development activities (see above and page 15).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)

(2) RELATED PARTY TRANSACTIONS (Continued)

Combined Entities (Continued)

Operating (Continued)

Pace Border Limited Liability Company (Pace Border) was formed as a limited liability company for the purpose of acquiring and developing a commercial property located at 143 Border Street, East Boston. Pace Border is treated as a partnership for income tax purposes. The commercial property consists of two condominium units, one of which was sold in August, 2004. The remaining unit is occupied by NOAH as a tenant. Rental income from NOAH was \$137,369 and \$136,006 for the years ended June 30, 2011 and 2010, respectively.

Pace Border's fiscal year end is December 31st. The financial statements of Pace Border are reflected as of and for the years ended December 31, 2010 and 2009.

In April, 2009, Peace Properties loaned \$65,410 to Pace Border to pay down a loan due to LISC of \$50,000 plus accrued interest. This amount is fully reserved by Peace Properties because it is not expected to be realized in the near term.

143 Border Street Inc., wholly-owned by Peace Properties is the Managing Member of Pace Border.

Pace Border has a \$235,000 note payable to Peace Properties (see Note 5). The note bears interest at 3.5% and is due March 31, 2034. There was an outstanding principal balance of \$235,000 as of June 30, 2011 and 2010, and accrued interest of \$60,313 and \$52,088 at June 30, 2011 and 2010, respectively. As of June 30, 2011 and 2010, Pace Border also owed NOAH \$136,062 for developer fees. These amounts are fully reserved by NOAH because they are not expected to be realized in the near term.

Stevens Corner Limited Partnership (Stevens Corner) was formed in October, 2009, as a Massachusetts limited partnership for the purpose of acquiring, rehabilitating, and operating a rental housing project known as the Stevens Corner project (see Note 7). Stevens Corner is treated as a limited partnership for income tax purposes. NOAH held a 99.99% ownership interest in Stevens Corner until June, 2010. In June, 2010, NOAH closed on construction financing and syndication of Stevens Corner. As a result, all the development activities and related debt of the Stevens Corners project, including amounts due to NOAH CDFI, were transferred from Peace Properties to Stevens Corner (see Page 15). Effective June 14, 2010, Stevens Corner GP, Inc. (see page 18) and Massachusetts Housing Investment Corporation (a Massachusetts not-for-profit organization) holds 61.98% and 38% ownership interest, respectively, in Stevens Corner as the initial limited partners. NOAH holds a 0.01% interest as the special limited partner and Stevens Corner GP, Inc. is also the general partner. The initial limited partners will transfer their 99.98% ownership interests to MHEF XVII, LLC (the Investor), a tax creditor investor, upon the completion of construction of the Stevens Corner project.

Subsequent to fiscal year 2011, the initial limited partners and the investor entered into an assignment and assumption of interest agreement to assign all of the limited partners' interest and rights in Stevens Corner to the Investor. Under this agreement, the Investor will assume all the obligations of the initial limited partners, including making capital contributions as required under the partnership operating agreement.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)

(2) RELATED PARTY TRANSACTIONS (Continued)

Combined Entities (Continued)

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. Shalom is treated as a non-profit for income tax purposes. During the years ended June 30, 2011 and 2010, NOAH billed Shalom \$104,007, for management, administrative and maintenance expenses.

As of June 30, 2011 and 2010, Shalom owed NOAH \$57,989 and \$75,147, respectively, of management fees which are included in due to affiliates in the accompanying combined statements of financial position. This amount is fully reserved by NOAH because it is not expected to be realized in the near term.

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. Paz is treated as non-profit for income tax purposes. During the years ended June 30, 2011 and 2010, NOAH billed Paz \$135,580 for management, administrative and maintenance expenses. As of June 30, 2011 and 2010, there was no amount due to NOAH for these expenses

NOAH Trinity Limited Partnership (NOAH Trinity) is a Massachusetts limited partnership formed under the laws of the Commonwealth of Massachusetts on December 26, 1990, for the purpose of acquiring, rehabilitating and operating a rental housing project (the Property). NOAH Trinity is treated as a limited partnership for income tax purposes. The Property consists of fifteen residential units located in East Boston, Massachusetts and is currently operating under the name of Trinity Neighborhood House.

In July, 2009, National Equity Fund 1990 LP (NEF), which held a 99.99% interest in NOAH Trinity as the limited partner, sold its interest to Trinity House LLC (see below) for \$1 plus assumption of debt. NEF entered into an assignment and assumption agreement with Trinity House. Under this agreement, NEF assigned all of its rights, benefits, and interest in NOAH Trinity to Trinity House and Trinity House assumed all of NEF's duties and obligations under the partnership. The sale was accounted for as an acquisition of assets. The appraised value of the building was less than the book value. As a result, the value of the building was adjusted to equal the debts assumed.

NOAH had advanced funds of \$137,197 to NOAH Trinity, which is included in due to affiliates in the accompanying 2010 combined statements of financial position. As of June 30, 2011 and 2010, \$82,768 of these funds was fully reserved by NOAH because the amount was not expected to be realized in the near term.

NOAH also provided management services to NOAH Trinity. During 2010, NOAH billed NOAH Trinity \$21,478 for management fees.

NOAH Trinity was dissolved on November 24, 2010. No amounts are due to NOAH as of June 30, 2011.

Trinity House LLC (Trinity House) is a Massachusetts limited liability company. Trinity House is treated as a limited liability company for income tax purposes. Effective July 9, 2009, Trinity House holds a 99% interest in the capital, income, losses and cash flow of NOAH Trinity after acquiring NEF's interest (see above).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(2) **RELATED PARTY TRANSACTIONS** (Continued)

Combined Entities (Continued)

Rental Programs (Continued)

Siochain Properties Limited Partnership (Siochain) was formed on October 29, 1999 as a non-profit 501(c)(2), for the purposes of acquiring, rehabilitating and operating rental housing projects. Siochain is treated as a non-profit for income tax purposes. NOAH earned \$42,955 from Siochain for property management fees as of June 30, 2010. There was no amount due from Siochain as of June 30, 2011 and 2010.

Other Entities

NOAH also maintains the following interest in other general partners:

- NOAH Trinity, Inc., 1% General Partner of NOAH Trinity. The corporation was dissolved as of December 3, 2010.
- Siochain Properties, Inc., 0.01% General Partner of Siochain (see above).
- Stevens Corner GP, Inc., 1% General Partner of Stevens Corner. This Corporation is also one of the initial limited investors of Stevens Corner Limited Partnership (see Page 17). NOAH owns 79% of this corporation's common stock.
- Cutler Heights Housing, LLC, 0.01% General Partner of Cutler Heights, LP. NOAH owns 36% of the corporation's common stock.

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

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

Transactions between NOAH and these combined entities were as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Operating</u>	<u>Rental Programs</u>	<u>Operating</u>	<u>Rental Programs</u>
Property management fees	\$ -	\$311,574	\$ -	\$261,065
Developer fees	266,037	-	426,350	-
Rent charged for use of space	137,379	-	136,006	-
Interest expense	8,225	-	8,225	-
Bad debt	<u>8,225</u>	<u>49,918</u>	<u>8,225</u>	<u>-</u>
	<u>\$419,866</u>	<u>\$361,492</u>	<u>\$578,806</u>	<u>\$261,065</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(2) RELATED PARTY TRANSACTIONS (Continued)

Combined Entities (Continued)

Balances between these entities as of June 30, 2011, were as follows:

	<u>NOAH</u>	<u>Peace and Amani Properties</u>	<u>NOAH CDFI</u>	<u>Stevens Corner LP</u>	<u>Rental Programs</u>	<u>Total</u>
NOAH receivables	\$ -	\$180,903	\$186,234	\$194,207	\$ 630,238	\$1,191,582
Peace Properties receivables	-	-	-	-	379,503	379,503
NOAH CDFI receivable	45,000	455,224	-	-	-	500,224
Stevens Corner LP	-	65,410	-	-	-	65,410
Subtotal	<u>\$45,000</u>	<u>\$795,406</u>	<u>\$186,234</u>	<u>\$194,207</u>	<u>\$1,009,741</u>	2,136,719
Less - allowances for doubtful accounts						<u>978,531</u>
Total						<u>\$1,158,188</u>

Balances between these entities as of June 30, 2010, were as follows:

	<u>NOAH</u>	<u>Peace and Amani Properties</u>	<u>NOAH CDFI</u>	<u>Stevens Corner LP</u>	<u>Rental Programs</u>	<u>Total</u>
NOAH receivables	\$ -	\$129,794	\$186,234	\$176,350	\$ 345,324	\$ 837,702
Peace Properties receivables	-	-	-	-	352,498	352,498
Rental Program receivables	5,692	-	-	-	-	5,692
NOAH CDFI receivable	45,000	241,083	-	-	14,326	300,409
Stevens Corner LP	-	65,410	-	-	-	65,410
Subtotal	<u>\$50,692</u>	<u>\$436,287</u>	<u>\$186,234</u>	<u>\$176,350</u>	<u>\$ 712,148</u>	1,561,711
Less - allowances for doubtful accounts						<u>741,012</u>
Total						<u>\$ 820,699</u>

Uncombined Entity

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

143-153 Border Street Condominium Trust (the Trust) was created as the "Organization of Unit Owners" as required by the provisions of Chapter 183A of the Massachusetts General Laws for the purpose of managing and regulating the 143-153 Border Street Condominium 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 another organization. NOAH is the manager of the Trust. NOAH earned \$12,360 in management fees for the years ended June 30, 2011 and 2010. There was \$3,160 due from the Trust at June 30, 2011.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(3) **RESTRICTED DEPOSITS**

The balance of restricted deposits includes the following as of June 30:

	<u>2011</u>	<u>2010</u>
NOAH, Inc.:		
Reserves for capital projects	\$ 50,000	\$ 50,000
Pace Border LLC:		
Other operating escrows	<u>15,000</u>	<u>15,000</u>
Rental Programs:		
Shalom Properties, Inc.:		
Operating escrows	24,535	27,907
Tenant security deposit	24,573	26,808
Replacement reserve	<u>28,387</u>	<u>15,008</u>
Sub-total Shalom Properties, Inc.	<u>77,495</u>	<u>69,723</u>
Paz Properties, Inc.:		
Operating escrows	25,920	27,495
Tenant security deposit	28,006	25,904
Replacement reserve	<u>382,767</u>	<u>125,566</u>
Sub-total Paz Properties, Inc.	<u>436,693</u>	<u>178,965</u>
Trinity House LLC:		
Operating escrows	-	83,951
Tenant Security Deposit	5,148	4,245
Replacement Reserve	<u>-</u>	<u>4,300</u>
Sub-total Trinity House LLC	<u>5,148</u>	<u>92,496</u>
Siochain LP:		
Operating escrows	23,559	-
Tenant Security Deposit	<u>10,902</u>	<u>-</u>
Sub-total Trinity House LLC	<u>34,461</u>	<u>-</u>
Sub-total Rental Programs	<u>553,797</u>	<u>341,184</u>
NOAH CDFI:		
Revolving loan fund capital	54,557	362,281
Loan reserve	<u>18,811</u>	<u>18,811</u>
Sub-total NOAH CDFI	<u>73,369</u>	<u>381,092</u>
Stevens Corner LP:		
Construction escrow	<u>73,160</u>	<u>494,304</u>
Total restricted deposits	765,325	1,281,580
Less - current portion	<u>266,731</u>	<u>698,657</u>
Non-current portion	<u>\$ 498,594</u>	<u>\$ 582,923</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(4) MORTGAGE NOTES PAYABLE

Mortgage notes payable consist of the following as of June 30:

<u>Shalom Properties, Inc.</u> (see Note 2)	<u>2011</u>	<u>2010</u>
Note payable to Massachusetts Housing Partnership (MHP), bearing interest at 7.97% per annum, due and payable October 6, 2017. This note is secured by a mortgage on the properties. Principal and interest are due in monthly installments of \$5,756 based on a twenty-year amortization schedule.	\$ 516,718	\$ 543,439
Notes payable to Dovenmuehle Mortgage/CCO, bearing interest at 5.375%, due in monthly installments of \$2,772, principal and interest, through December 1, 2033. These notes are secured by a mortgage on the properties.	433,943	443,571
Non-interest bearing note payable to MHP, due and payable October 6, 2017. This note is secured by a mortgage on the properties.	245,339	245,339
Non-interest bearing note payable to the City of Boston, due and payable October 6, 2017, secured by a mortgage on the properties.	<u>245,339</u>	<u>245,339</u>
Sub-total Shalom Properties	<u>1,441,339</u>	<u>1,477,688</u>
 <u>Paz Properties, Inc.</u> (see Note 2)		
Non-interest bearing note payable to MHP, due and payable October 3, 2031, secured by second mortgages on 115 and 109 Everett Street and 376 Summer Street.	561,316	561,316
Non-interest bearing note payable to MHP, due and payable October 3, 2031, secured by a second mortgage on 115 Everett Street.	452,369	452,369
Non-interest bearing note payable to MHP, due and payable October 3, 2021, secured by a second mortgage on 115 Everett Street.	400,000	400,000
Note payable to MHP for rehabilitation of 115 Everett Street, original amount of note was \$412,200, bearing interest at 6.27% per annum, due and payable October 3, 2021. Principal and interest are due in monthly installments of \$2,328 based on a thirty-year amortization schedule. This note is secured by a first mortgage on 115 Everett Street.	355,639	363,978

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(4) MORTGAGE NOTES PAYABLE (Continued)

<u>Paz Properties, Inc.</u> (see Note 2) (Continued)	<u>2011</u>	<u>2010</u>
Note payable to MHP for the development of Eagle Hill Rental Rehabilitation Project (the Project), original amount of the note was \$450,000, bearing interest at 4.52% per annum, due and payable May, 2010. Principal and interest were due in monthly installments of \$4,123 based on a thirty-year amortization schedule. This note was secured by a mortgage on the property. In August, 2010, the note was paid in full with proceeds from a new loan (\$600,000) from MHP. This new loan bears interest at 5.80% per annum for the first five-year term ending August 9, 2015. Thereafter, the interest rate for the next five-year term ending August 9, 2020, will be the prevailing rate in effect under the agreement on August 9, 2015. Principal and interest are due in monthly installments of \$3,520 beginning October 1, 2010, through August 9, 2015. During the second five-year term, principal and interest will be due in monthly installments based on a thirty year amortization.	594,306	229,638
Note payable to Boston Community Loan Fund (BCLF) for Eutaw and Meridian Street project, bearing interest at 7% per annum, due and payable March 31, 2013. Principal and interest are due in monthly installments of \$726 based on a fourteen-year amortization schedule. This note is secured by a mortgage on Eutaw and Meridian Street project.	<u>14,491</u>	<u>21,891</u>
Sub-total Paz Properties, Inc.	<u>2,378,121</u>	<u>2,029,192</u>
 <u>Trinity House LLC</u> (see Note 2)		
Second mortgage note originated on August 6, 1992, and held by the City of Boston, Department of Public Facilities as agent for the Neighborhood Housing Trust Fund, in the original amount of \$418,170. The note bears simple interest at 1% per annum. Interest only is due annually on each of the anniversary date of the note based on net available cash flows. The City of Boston has deferred payments due on the note until maturity. Principal and accrued and unpaid interest is due on the earliest of thirty years or if the property fails to continue to provide affordable housing to low and moderate income families. Accrued interest totaled \$81,194 as of June 30, 2011. The note is secured by a mortgage on 406 Meridian Street and assignment of leases.	418,170	418,170
First mortgage note originated on June 27, 1994, and held by the Massachusetts Development Finance Agency (MDFA) (a quasi-public agency) in the original amount of \$286,000. The note was paid in full in October, 2010.	-	186,056

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010
 (Continued)

(4) MORTGAGE NOTES PAYABLE (Continued)

<u>Trinity House LLC</u> (see Note 2) (Continued)	<u>2011</u>	<u>2010</u>
A non-recourse mortgage note, which was originated on May 19, 2000, is held by the City of Boston, Public Facilities Department in the original amount of \$131,880. The note accrues interest at 1% per year, compounded annually. Accrued interest totaled \$22,561 as of June 30, 2011. Principal and interest are due May 19, 2030, or upon acceleration of the note under specified conditions. The note is secured by a mortgage on 406 Meridian Street and assignment of leases and rents. In fiscal year 2011, Trinity received a new loan from the City of Boston totaling \$741,635. The proceeds will be used to fund the renovation of 406 Meridian Street and pay off the first mortgage (see page 23).	805,325	125,525
Sub-total Trinity House LLC	1,223,495	729,751
 <u>Siochain Properties LP</u> (see Note 2)		
A promissory note, which originated on March 15, 2001, is held by the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD) in the amount of \$380,000. The note accrues interest at 5.58% per annum, compounded annually. Accrued interest totaled \$267,114 as of June 30, 2011. Final payment is due March, 2031. The note is collateralized by investment in real estate.	380,000	-
A promissory note, which originated on August 22, 2000, is held by the City of Boston, Public Facilities Department in the amount of \$380,000. The note accrues interest at 7.6% per year, compounded annually. Payments are due annually beginning October 1, 2003, in an amount equal to 50% of Siochain's cash flow. Accrued interest totaled \$419,289 and \$384,820 as of June 30, 2011 and 2010, respectively. Final payment is due October, 2030. The note is collateralized by investment in real estate.	380,000	-
A mortgage note, which originated on July 9, 2002, is held by the Boston Community Loan Fund (BCLF) in the original amount of \$232,597. Monthly installments of principal and interest are based on a twenty-five year amortization of the original note balance. The note has a stated interest rate of 7% and is payable by Siochain in the amount of \$1,634 each month through July, 2022, at which time the balance of \$102,143 is payable. The note is collateralized (first mortgage) by investment in real estate.	196,269	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010
 (Continued)

(4) MORTGAGE NOTES PAYABLE (Continued)

<u>Siochain Properties LP</u> (see Note 2) (Continued)	<u>2011</u>	<u>2010</u>
A mortgage note, which originated on July 9, 2002, is held by Local Initiatives Support Corporation (LISC) in the original amount of \$161,791. Monthly installments of principal and interest are based on a twenty-year amortization of the original note balance. The note has a stated interest of 3.5% and is payable by Siochain in the amount of \$938 each month through July, 2022. The note is collateralized (second mortgage) by investment in real estate.	102,853	-
Sub-total Siochain Properties LP	1,059,122	-
Total Rental Programs	\$6,102,077	\$4,236,631

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

2012	\$ 77,524
2013	\$ 80,892
2014	\$ 79,392
2015	\$ 84,702
2016	\$639,885

The mortgage notes payable agreements contain various covenants with which NOAH must comply. NOAH was in compliance with these covenants at June 30, 2011 and 2010.

(5) NOTES PAYABLE

Notes payable consist of the following as of June 30:

<u>NOAH, Inc.</u>	<u>2011</u>	<u>2010</u>
Line of credit payable to BCLF, bearing interest at 7.5%, due September, 2013. This note is secured by all assets of NOAH and a lien on Eutaw and Meridian Street property. Interest and principal are due in monthly installments of \$3,687.	\$ 91,570	\$ 127,352
Note payable to Community Economic Development Assistance Corporation (CEDAC), bearing interest at 7.0%, due when funds are disbursed at construction closing of the Benfield Farms, \$33,668 and Sitkowski School, \$82,158, which is expected to occur by June 30, 2012. Accrued interest at June 30, 2011, totaled \$2,586 (see Note 7).	118,412	59,753
Sub-total NOAH, Inc.	209,982	187,105
<u>Peace Properties, Inc.</u> (see Note 2)		
Note payable to LISC, for the Border Falcon Condo Project, bearing interest at 4% per annum. Interest and principal are due in monthly installments of \$1,266, with principal due no later than the maturity date in July, 2023. This note is secured by the ground lease (see Note 2).	164,802	173,212

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010
 (Continued)

(5) <u>NOTES PAYABLE</u> (Continued)	<u>2011</u>	<u>2010</u>
<u>Peace Properties, Inc.</u> (see Note 2) (Continued)		
Note payable to NeighborWorks Capital Corp., bearing interest at 4% per annum, compounded quarterly, due and payable on December 24, 2011. This note is secured by the Benfield Farms project (see Note 7).	150,000	150,000
Note payable to NeighborWorks Capital Corp., bearing interest at 4.5% per annum, compounded quarterly, due and payable on August 4, 2013. This note is secured by the Sitkowski School project (see Note 7).	300,000	-
Non-interest bearing note payable to Vesta Corporation. This note was used to fund pre-development costs associated with the Benfield Farms project (see Note 7) and is due at construction closing.	<u>175,000</u>	<u>-</u>
Sub-total Peace Properties, Inc.	<u>789,802</u>	<u>323,212</u>
<u>Stevens Corner Limited Partnership</u> (see Note 2)		
Note payable to TD Bank, due June 15, 2012. The note accrues interest at 4% above the one month London Interbank Offered Rate (LIBOR) rate with a minimum interest rate of 5%. The note was used to fund construction of the Stevens Corner project (see Note 7).	1,230,386	-
Non-interest bearing note payable to Massachusetts Housing Equity Fund XVII, LLC (MHEF) for the Stevens Corner Project and is due on December 31, 2011, but is expected to be paid from an equity closing by December, 2011. As such, this amount is reflected as long-term debt. This note is secured by a Pledge, Assignment and Security Agreement.	<u>1,748,136</u>	<u>218,517</u>
Sub-total Stevens Corner Limited Partnership	<u>2,978,522</u>	<u>218,517</u>
<u>Pace Border LLC</u> (see Note 2)		
Note payable to MHIC New Markets CDE LLC Series I (MHIC New Markets), due March 1, 2034. Interest only is due monthly at the rate of 1.98% through March 1, 2014. Additional interest accrues monthly at .695% through maturity. A payment of \$100,000 of principal and \$50,000 of accrued interest is due March 1, 2014. The remaining principal balance outstanding and accrued interest are due March 1, 2034. This note is secured by a second mortgage on Pace Border's building.	815,454	815,454

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010
 (Continued)

(5) NOTES PAYABLE (Continued)

	<u>2011</u>	<u>2010</u>
<u>Pace Border LLC</u> (see Note 2) (Continued)		
Note payable to MHIC New Markets, bearing interest at 6.144%, due June 1, 2011, and received a commitment to extend the loan subsequent to year end. Interest only is due in monthly installments through maturity. This note is secured by a first mortgage on the building. The note is expected to be refinanced at the end of the compliance period in December, 2011.	688,522	688,522
Note payable to Peace Properties for 143 Border Street, bearing interest at 3.5% per annum, compounded annually. Principal and interest are due if certain cash flows are achieved. There was no payment due at June 30, 2011 and 2010. Principal and accrued interest are due March 31, 2034.	235,000	235,000
Note payable to MHIC New Markets, bearing interest at 2.5% through March 1, 2011, and thereafter 4% through March 1, 2024. Interest only was due in monthly installments in an amount equal to the lesser of interest rate times outstanding principal balance or 50% of available cash flow through March 1, 2011. Beginning April 1, 2011 through March 1, 2016, interest only is due in monthly installments at the rate of 4% through March 1, 2016. Thereafter, principal and interest are due in monthly installments through maturity. All outstanding principal balance and accrued interest are due March 1, 2024. This note is secured by a third mortgage on Pace Border's building.	<u>200,000</u>	<u>200,000</u>
Sub-total Pace Border LLC	<u>1,938,976</u>	<u>1,938,976</u>
Less – inter-affiliate eliminations	<u>235,000</u>	<u>235,000</u>
Total Pace Border LLC	<u>1,703,976</u>	<u>1,703,976</u>
Total notes payable	<u>\$5,682,282</u>	<u>\$2,432,810</u>

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

2012	\$313,547
2013	\$ 50,337
2014	\$420,157
2015	\$ 9,891
2016	\$ 10,294

The note payable agreements contain various covenants with which NOAH must comply. NOAH is in compliance with these covenants at June 30, 2011 and 2010.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010
 (Continued)

(6) CONTINGENT LOANS AND ADVANCES

NOAH and Affiliates have received several contingent loans 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. Therefore, these loans have been classified as contingent loans and no interest has been accrued on them.

Contingent loans and advances are as follows as of June 30:

<u>Operating</u>	<u>2011</u>	<u>2010</u>
<u>Steven Corner Limited Partnership</u> (Continued)		
Non-interest bearing note payable to the Commonwealth of Massachusetts, acting by and through the Department of Housing and Community Development (DHCD) under the Affordable Housing Trust Fund (AHTF) by Massachusetts Housing Finance Agency (MHFA), in the original amount of \$985,000, for the Stevens Corner Project (see Note 7). The note is secured by the project and is due August 14, 2041, with an option to extend the maturity date for a period up to the original term in order to maintain the affordability of the project.	\$ 985,000	\$ 985,000
Note payable to MHP, through its the Housing Stabilization Fund (HSF), in the original amount of \$725,000, for the Stevens Corner Project, bearing interest at 3% per annum, is due and payable August 14, 2061, with an option to extend the maturity date for a period up to the original term in order to maintain the affordability of the project.	580,000	580,000
Note payable to the Town of North Andover for the Stevens Corner Project, in the original amount of \$1,350,000, bearing interest at 3% per annum. The note is secured by the project and is due August 14, 2041, with an option to extend the maturity date for a period up to the original term in order to maintain the affordability of the project.	781,559	450,000
Non-interest bearing note payable to CEDAC through its Community Based Housing Fund Program, in the original amount of \$362,465, for the Stevens Corner Project. Payments due annually based on cash flow. The note is secured by the project and is due August 14, 2041, with an option to extend up to an additional ten years for each extension period.	342,727	342,727
Note payable to the North Shore HOME Consortium for the Stevens Corner Project, in the original amount of \$175,000, bearing interest at 3% per annum. The note is secured by the project and is due August 14, 2041, with an option to extend up to an additional ten years for each extension period.	157,500	-

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010
 (Continued)

(6) CONTINGENT LOANS AND ADVANCES (Continued)

<u>Operating</u> (Continued)	<u>2011</u>	<u>2010</u>
<u>Steven Corner Limited Partnership</u> (Continued)		
Note payable to the North Andover HOME program, for the Stevens Corner Project, in the original amount of \$75,000, bearing interest at 3% per annum. The note is secured by the project and is due August 14, 2041, with an option to extend up to an additional ten years for each extension period.	67,500	-
Sub-total Stevens Corner Limited Partnership	<u>2,914,387</u>	<u>2,357,727</u>
<u>Amani Properties LLC</u>		
Contingent Advance from the Town of Sudbury.	120,000	-
Sub-total Operating	<u>3,034,388</u>	<u>2,357,727</u>
<u>Rental Programs</u>		
<u>Paz Properties, Inc.</u>		
Note payable to City of Boston for improvements at 357-363 Meridian and Eutaw Street, bearing interest at 5% per annum, compounded annually, due June 23, 2012. Principal and interest are due in annual installments equal to the lesser of 100% of certain cash flow achieved as defined in the note agreement or the amount due or payable based upon amortization of this note on a fifteen-year direct reduction basis plus any amount that may be due and unpaid from a prior year. This note is secured by the Project. Management has begun negotiations for an extension or refinance of the note's terms. As such, it is presented as long-term debt in the accompanying financial statements.	727,245	727,245
Note payable to the City of Boston for improvements at 49-55 Putnam Street, bearing interest at 1% per annum, compounded annually, due August 10, 2070. Annual payments of principal and interest are due within ninety days of the close of the fiscal year end and equal amounts set forth in the note agreement. This note is secured by the Project.	472,325	472,325
Note payable to City of Boston for improvements at 108-110 White Street, bearing interest at 1% per annum, compounded annually, due and payable August 10, 2070. Annual payments of principal and interest are due within ninety days of the close of the fiscal year end and equal amounts set forth in the note agreement. This note is secured by a second mortgage on 108-110 White Street and assignment of rents and leases.	355,120	355,120

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(6) CONTINGENT LOANS AND ADVANCES (Continued)

	<u>2011</u>	<u>2010</u>
<u>Paz Properties, Inc.</u> (Continued)		
Note payable to City of Boston for improvements at 449-451 Saratoga Street, bearing interest at 1% per annum, compounded annually, due August 10, 2070. Annual payments of principal and interest are due within 90 days of the close of the fiscal year end and equal amounts set forth in the note agreement. This note is secured by a second mortgage on 449-451 Saratoga Street and assignment of rents and leases.	<u>354,811</u>	<u>354,811</u>
Sub-total Paz Properties, Inc.	<u>1,909,501</u>	<u>1,909,501</u>
<u>Shalom Properties, Inc.</u>		
Note payable to City of Boston for improvements at 440 Meridian Street, bearing interest at 5% per annum, due December, 2022.	<u>164,000</u>	<u>164,000</u>
	<u>\$5,107,888</u>	<u>\$4,431,228</u>

(7) PROJECTS UNDER DEVELOPMENT

Substantially all real estate and economic development activity is carried in Peace Properties and Amani Properties. These construction and development projects, including completed and active projects, include housing projects for low and moderate income families, commercial projects, as well as activity related to improvement projects for properties held as Rental Property and those that have been spun off as limited partnerships. The assets in these companies consist of projects under development, receivables for project management fees and construction costs, loans receivable from and advances to various limited partnerships that operate the low-income housing projects developed by NOAH.

The following are projects that were completed or currently under development as of June 30, 2011:

Cutler Heights Housing

The Cutler Heights Housing Project is the development of a thirty unit affordable rental housing project on land owned by the Holliston Housing Authority in downtown Holliston, Massachusetts. The Holliston Housing Authority selected a development team made up of three development firms, including NOAH, the Holliston Housing Development Corporation and the Holliston-based JNJUHL and Associates to develop this project. The Holliston Housing Authority is leasing this site for a period of seventy-five years to the newly created Cutler Heights Housing Limited Partnership, which has constructed and owns this project through the use of a variety of State and local financing sources. Cutler Heights was awarded funding by DHCD in August, 2008. In August, 2009, the project was awarded Tax Credit Assistance Program (TCAP) funds, whereby the credits were converted to additional financing under the Federal TCAP program from the State.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(7) PROJECTS UNDER DEVELOPMENT (Continued)

Cutler Heights Housing (Continued)

The project consists of thirty (30) affordable rental housing units in a single 3 ½ story building. The units consist of twenty-four two bedroom units and six three bedroom units. In addition, there are fifty-two parking spaces of which twenty-eight parking spaces will be located under the new building, taking advantage of the natural grade on site. Construction was completed in March, 2011. Occupancy is proceeding and full occupancy is expected to be completed by October 31, 2011.

Stevens Corner

Stevens Corner is a family development of a forty-two (42) unit affordable rental housing project located in North Andover, Massachusetts. The project mix consists of five one bedroom and five three bedroom, and thirty-two two bedroom units. Peace Properties purchased the project at a foreclosure auction in June, 2007 for \$925,000. Peace Properties financed the acquisition of the project with loan proceeds from The Life Initiative.

The project was awarded \$607,052 in Federal and \$126,176 in state low-income housing tax credits under Internal Revenue Code Section 42 from the Commonwealth of Massachusetts DHCD. Massachusetts Housing Investment Corporation (MHIC) funded the Federal tax credit financing for the project and Claremont Properties funded the state tax credits. MHP has provided permanent financing and TD Bank provided a \$4 million construction loan to the project. Stevens Corner LP also has additional financing from CEDAC, MHP, the Town of North Andover's Community Preservation Committee, DHCD, and the North Shore Home Consortium (see Note 5). Construction is scheduled to be completed in November, 2011.

Benfield Farms – Carlisle, MA

Benfield Farms is the development of twenty-six housing (26) units for senior independent living located in Carlisle, Massachusetts. The units consist of seventeen one bedroom units and nine two bedroom units. The property is owned by the Carlisle Housing Authority and will be leased to the developer under a 99 year lease under the terms of a regulatory agreement. The project is permitted under the provisions of M.G.L c. 40B under a decision issued by the Carlisle Board of Appeals, which was filed July 16, 2010. Financing for the project will be through an application to DHCD for low income housing tax credits, AHTF, HSF, and HOME funds. The pipeline for DHCD funding has been slow and will take at least three applications before an award is expected. It is currently in its third application round. The Carlisle Housing Authority has also pledged \$425,000 of the Community Preservation Act (CPA) funds for the project. Permanent financing will be provided by MHP and a construction loan may come from Citizens Bank or Middlesex Savings Bank. The total development cost of the project is expected to be \$9 million. The rural project has pre-development loans from CEDAC (\$100,000) and NeighborWorks Capital (\$175,000).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)

(7) PROJECTS UNDER DEVELOPMENT (Continued)

A.J. Sitkowski School – Webster, MA

The A.J. Sitkowski School Project is the development of sixty-six housing units for senior independent living located in Webster, Massachusetts. The units will consist of fourteen two-bedroom units and forty-six one-bedroom units, and a new senior center. NOAH received developer designation letter from the Town of Webster in April, 2009. Peace Properties has offered a purchase price of \$150,000 for the project. The project was approved by the Planning Board February 8, 2010, under a Redevelopment Overlay District Special Permit and Site Plan Approval. Financing for the project will be through an application to DHCD for low income housing tax credits, AHTE, and HSF, funds. During fiscal year 2010 and 2011, NOAH submitted three One Stop Applications for funding. NOAH also applied for Historic Tax Credits from the Massachusetts Historic Commission and the National Park Service. A full award of federal Historic Tax Credits was made by the National Park Service in FY 2011 and two rounds of Mass Historic Credits have been made for a total of \$300,000 each round. Additional requests will be made each application cycle (3 times a year) until the full amount of MA Historic Credits are obtained. The Town of Webster has also pledged \$700,000 of CDBG funds for the development. DHCD awarded the Town \$430,000 of CDBG funds in July 2011. The next application cycle is December, 2011, at which time the remaining CDBG funds will be requested. Permanent financing will be provided by MHP and a construction loan may come from Citizens Bank. The total development cost of the project is expected to be \$19.1 million. NOAH has formed a 50/50 partnership with Vesta Corporation, an experienced developer and manager of affordable housing out of Connecticut. According to the partnership agreement, NOAH will receive a majority of the development fee.

278 Maynard North Road – Sudbury, MA

The 278 Maynard North Road Project has been suspended due to actions by the Sudbury Housing Trust, the project sponsor. Prior to the spring 2011 suspension, the development would have consisted of three affordable two-bedroom homeownership units on a one acre site in Sudbury, Massachusetts. NOAH was selected as developer by the Sudbury Housing Trust (the Trust), for the development of six units in June, 2009. The one acre site was purchased by the Trust and will be donated at no cost to the project. The project was permitted under a Comprehensive Permit under M.G.L c40B through the Board of Appeals on November 8, 2010.

The Sudbury Housing Trust changed the size of the project from 6 units to 3 units during the Board of Appeals review due to neighborhood concerns about density. The developer worked with the Trust to complete plans and specifications for the approved project and put it out to bid to six contractors in January, 2011. As expected, the construction costs came in significantly higher than the source of funds available for development. The Trust allocated only \$440,000 of CPA funds for the development of the project and was not willing to increase the funding to meet the final project cost. NOAH is currently in negotiations to cover out-of-pocket costs and overhead from the Trust. The project may then proceed through the MHP site approval process.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(7) PROJECTS UNDER DEVELOPMENT (Continued)

Projects under development as of June 30, 2011 and 2010, consist of:

	<u>2011</u>	<u>2010</u>
Stevens Corner - North Andover, MA	\$6,569,425	\$2,467,812
A.J. Sitkowski School - Webster, MA	781,864	350,228
Benfield Farms - Carlisle, MA	349,950	315,049
278 Maynard North Road - Sudbury, MA	198,538	111,921
Other	<u>6,500</u>	<u>-</u>
	7,906,277	3,245,010
Less - elimination	<u>282,977</u>	<u>253,178</u>
Total projects under development	<u>\$7,623,300</u>	<u>\$2,991,832</u>

(8) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2011</u>	<u>Operating</u>	<u>Rental Programs</u>	<u>Total</u>
Rental buildings and improvements	\$2,186,430	\$11,293,967	\$13,478,847	
Land and improvements	603,946	478,171	1,082,117	
Office furniture, fixtures and equipment	180,488	-	180,488	
Rental furniture and equipment	23,331	-	23,331	
Leasehold improvements	18,599	-	18,599	
	<u>3,012,794</u>	<u>11,772,138</u>	<u>14,783,382</u>	
Less - accumulated depreciation	<u>591,913</u>	<u>3,419,836</u>	<u>4,011,749</u>	
	<u>\$2,420,881</u>	<u>\$ 8,352,302</u>	<u>\$10,773,183</u>	
	<u>2010</u>	<u>Operating</u>	<u>Rental Programs</u>	<u>Total</u>
Rental buildings and improvements	\$2,184,881	\$ 8,186,481	\$10,371,362	
Land and improvements	603,946	405,756	1,009,702	
Office furniture, fixtures and equipment	164,399	-	164,399	
Rental furniture and equipment	19,078	-	19,078	
Leasehold improvements	11,598	-	11,598	
	<u>2,983,902</u>	<u>8,592,237</u>	<u>11,576,139</u>	
Less - accumulated depreciation	<u>494,041</u>	<u>2,578,565</u>	<u>3,072,606</u>	
	<u>\$2,489,861</u>	<u>\$ 6,013,672</u>	<u>8,503,533</u>	
Less - elimination			<u>176,764</u>	
			<u>\$ 8,326,769</u>	

There are restrictions imposed by lenders on the use and sale of certain land, buildings and building improvements (see Notes 4, 5 and 6).

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(Continued)

(9) LOANS RECEIVABLE

NOAH CDFI, Inc. has outstanding loans receivable from local residents for purchase and/or rehabilitation of low to moderate incoming housing of \$932,452 and \$700,551 respectively, less an allowance for doubtful accounts of \$133,691 and \$203,059 as of June 30, 2011 and 2010, respectively. These amounts are included in contracts, loans and other receivables in the accompanying combined financial statements. Interest rates range from 5% to 6.5% and maturity dates range from ten to thirty years. Loans are secured by a second or third lien on the property purchased or improved.

Loans receivable, net of allowances for doubtful accounts as of June 30, consist of the following:

<u>Funding Source</u>	<u>2011</u>			
	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NW (see Note 1)	8	\$385,474	\$133,691	\$251,783
CDFI	1	40,750	-	40,750
Other - inter-company - NW	<u>2</u>	<u>506,228</u>	<u>-</u>	<u>506,228</u>
Total	<u>11</u>	<u>\$932,452</u>	<u>\$133,691</u>	<u>\$798,761</u>

<u>Funding Source</u>	<u>2010</u>			
	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
NW (see Note 1)	9	\$392,964	\$135,429	\$257,535
CDFI	2	110,072	67,630	42,442
Other - inter-company - NW	<u>2</u>	<u>197,515</u>	<u>-</u>	<u>197,515</u>
Total	<u>13</u>	<u>\$700,551</u>	<u>\$203,059</u>	<u>\$497,492</u>

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

2012	\$513,036
2013	\$ 7,932
2014	\$ 8,371
2015	\$ 8,824
2016	\$ 9,290

As of June 30, 2011, there were two delinquent loans which totaled \$18,691. These loans are behind on monthly payments and have been reserved per the lending policy. As of June 30, 2010, there were four delinquent loans which totaled \$88,509. One of the loans was in foreclosure and totaled \$67,630. The other three were behind on monthly payments and were reserved per the lending policy. There was also \$115,000 development loan to Cutler Heights LP. This loan is secured by the project and is due December, 2039. This loan was fully reserved By NOAH CDFI because the amount is not expected to be realized in the near term.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Continued)

(9) LOANS RECEIVABLE (Continued)

Special Tax-Credit Lending

As of June 30, 2010, NOAH had entered into an arrangement to act as the non-profit intermediary to improve the economic value of Massachusetts historic and state low-income tax credits of the Maple Ridge Apartment Project (the Project). NOAH received a donation of tax credits from the project's sponsor with the restriction that NOAH will make a loan to the entity from the proceeds of NOAH's resale of the credits to an outside investor. The loan is a non-interest bearing note with a 40 year term. As part of the arrangement, NOAH receives a fee of \$50,000, of which \$25,000 was recognized as of June 30, 2010. The remaining fees will be recognized upon satisfaction of certain conditions as specified in an escrow agreement. This loan has specific restrictions surrounding the use and due to its long-term deferred nature and likelihood of collectibility, the loan is fully reserved at June 30, 2010.

(10) COMMITMENTS AND CONTINGENCIES

As discussed in Notes 1 and 2, NOAH has acted as sponsor and developer for various low-income and affordable housing developments. Most of these developments have received various forms of funding through NOAH or directly from Federal, state, and local sources. The terms of these funding agreements generally require that the projects maintain affordable housing and low-income eligibility status, as defined. If such status is not maintained, NOAH and Affiliate 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 partnerships as a guarantor of the general partners' obligation to fund operating deficits, subsidy 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. As of the date of this report, NOAH is not obligated for any amount.

(11) CAPITAL LEASES

NOAH leases certain equipment under a capital lease agreement, which expires March, 2012. The principal value of the future minimum lease payments due in fiscal 2012 are \$7,917.

(12) 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.

(13) RECLASSIFICATIONS

Certain amounts in the 2010 combined financial statements have been reclassified to conform with the 2011 presentation.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
SUPPLEMENTARY COMBINING STATEMENT OF FINANCIAL POSITION - OPERATING
JUNE 30, 2011

ASSETS	NOAH, INC.	PEACE PROPERTIES	AMANI PROPERTIES	STEVENS CORNER LP	NOAH CDEL	PACE BORDER LLC	ELAMI- NATIONS	TOTAL
CURRENT ASSETS:								
Cash	\$ 886,526	\$ 16,689	\$ 53,754	\$ -	\$ 25,976	\$ 7,527	\$ -	\$ 990,472
Current portion of restricted deposits	50,000	-	-	73,160	54,557	15,000	-	192,717
Current portion of contracts, loans and other receivables	459,172	-	-	-	513,036	26,837	(505,525)	493,520
Developer fee receivable	194,207	-	-	-	-	-	(194,207)	-
Current portion of due from affiliates	33,500	-	-	-	-	-	-	33,500
Prepaid expenses and other	9,777	-	-	-	-	-	-	12,139
Total current assets	<u>1,633,182</u>	<u>16,689</u>	<u>53,754</u>	<u>73,160</u>	<u>594,802</u>	<u>50,493</u>	<u>(699,732)</u>	<u>1,722,348</u>
RESTRICTED DEPOSITS, net of current portion								
CONTRACTS, LOANS AND OTHER RECEIVABLES, net of								
current portion and allowance for doubtful accounts of \$535,019	-	-	-	-	18,811	-	-	18,811
DUE FROM AFFILIATES, net of current portion	270,978	-	-	-	285,725	-	-	285,725
PROJECTS UNDER DEVELOPMENT								
PROPERTY AND EQUIPMENT, net of accumulated depreciation	20,394	1,138,314	198,538	6,569,425	88,568	-	(424,956)	7,623,300
	-	405,000	-	-	-	1,995,487	-	2,420,881
Total assets	<u>\$ 1,924,554</u>	<u>\$ 1,560,003</u>	<u>\$ 252,292</u>	<u>\$ 6,707,995</u>	<u>\$ 987,906</u>	<u>\$ 2,045,980</u>	<u>\$ (1,407,665)</u>	<u>\$ 12,071,065</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Current portion of mortgages and notes payable	\$ 154,773	\$ 158,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,547
Capital lease obligation	7,917	-	-	-	-	-	-	7,917
Accounts payable and other liabilities	159,604	100,501	7,102	621,427	3,000	5,453	-	897,087
Developer fee payable	-	-	-	194,207	-	-	-	-
Current portion of due to affiliates	-	379,310	126,215	-	-	-	(194,207)	-
Total current liabilities	<u>322,294</u>	<u>638,585</u>	<u>133,317</u>	<u>815,634</u>	<u>3,000</u>	<u>5,453</u>	<u>(699,732)</u>	<u>1,218,551</u>
LONG-TERM LIABILITIES:								
Mortgages and notes payable, net of current portion	55,209	631,028	-	2,978,522	-	1,938,976	(235,000)	5,368,735
Due to affiliates, net of current portion	45,000	276,139	-	-	186,234	65,410	(572,783)	-
Deferred developer fees payable	-	-	-	-	-	136,062	(136,062)	-
Accrued interest	2,844	-	-	-	-	91,099	(80,313)	33,630
Contingent loans and advances	-	-	120,000	2,914,387	-	-	-	3,034,387
Total long-term liabilities	<u>103,053</u>	<u>907,167</u>	<u>120,000</u>	<u>5,892,909</u>	<u>186,234</u>	<u>2,231,547</u>	<u>(1,004,158)</u>	<u>8,436,752</u>
Total liabilities	<u>425,347</u>	<u>1,545,752</u>	<u>253,317</u>	<u>6,708,543</u>	<u>189,234</u>	<u>2,237,000</u>	<u>(1,703,890)</u>	<u>9,655,303</u>
NET ASSETS:								
Unrestricted:								
Operating	747,861	-	-	-	313,986	30,040	(202,849)	889,038
Development	100,000	(103,025)	(1,025)	(548)	-	-	-	(4,598)
Property and equipment	12,477	-	-	-	-	(182,656)	-	(170,179)
Total unrestricted	<u>860,338</u>	<u>(103,025)</u>	<u>(1,025)</u>	<u>(548)</u>	<u>313,986</u>	<u>(152,616)</u>	<u>(202,849)</u>	<u>714,261</u>
Temporarily restricted	588,869	-	-	-	-	-	-	588,869
Permanently restricted - NW capital funds	50,000	117,276	-	-	484,686	-	499,074	1,151,036
Total net assets	<u>1,499,207</u>	<u>14,251</u>	<u>(1,025)</u>	<u>(548)</u>	<u>798,672</u>	<u>(152,616)</u>	<u>296,225</u>	<u>2,454,166</u>
Non-controlling interest in consolidated subsidiary	-	-	-	-	-	(38,404)	-	(38,404)
Total liabilities and net assets	<u>\$ 1,924,554</u>	<u>\$ 1,560,003</u>	<u>\$ 252,292</u>	<u>\$ 6,707,995</u>	<u>\$ 987,906</u>	<u>\$ 2,045,980</u>	<u>\$ (1,407,665)</u>	<u>\$ 12,071,065</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
SUPPLEMENTARY COMBINING STATEMENT OF FINANCIAL POSITION - OPERATING
JUNE 30, 2010

<u>ASSETS</u>	NOAH, INC.	PEACE PROPERTIES	AMANI PROPERTIES	STEVENS CORNER LP	NOAH CDFI	PACE BORDERLINE	ELIM- NATIONS	TOTAL
CURRENT ASSETS:								
Cash	\$ 718,018	\$ 2,269	\$ 3,260	\$ -	\$ 28,024	\$ 8,850	-	\$ 760,421
Current portion of restricted deposits	50,000	-	-	494,304	-	15,000	-	559,304
Current portion of contracts, loans and other receivables	325,398	-	-	-	273,401	14,414	-	415,698
Developer fee receivable	176,350	-	-	-	-	-	(197,515)	-
Current portion of due from affiliates	32,379	457	-	-	-	-	(176,350)	-
Prepaid expenses and other	15,551	-	-	-	14,326	-	(457)	46,705
Total current assets	<u>1,317,696</u>	<u>2,726</u>	<u>3,260</u>	<u>494,304</u>	<u>316,984</u>	<u>39,566</u>	<u>(374,322)</u>	<u>1,800,014</u>
RESTRICTED DEPOSITS, net of current portion								
CONTRACTS, LOANS AND OTHER RECEIVABLES, net of								
current portion and allowance for doubtful accounts of \$476,421	100,000	-	-	-	381,092	-	-	381,092
DUE FROM AFFILIATES, net of current portion	240,002	-	-	65,410	224,091	5,692	-	324,091
PROJECTS UNDER DEVELOPMENT								
PROPERTY AND EQUIPMENT, net of accumulated depreciation	30,342	665,277	111,921	2,467,812	88,568	-	(377,632)	22,040
Total assets	<u>\$ 1,688,040</u>	<u>\$ 1,073,003</u>	<u>\$ 115,181</u>	<u>\$ 3,027,526</u>	<u>\$ 1,010,735</u>	<u>\$ 2,099,577</u>	<u>\$ (1,005,132)</u>	<u>\$ 8,008,930</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Current portion of mortgages and notes payable	\$ 95,894	\$ 8,430	\$ -	\$ -	\$ -	\$ 688,522	-	\$ 792,846
Current portion of capital lease obligation	13,572	-	-	-	-	-	-	13,572
Accounts payable and other liabilities	152,192	385,460	41,192	274,932	20,826	7,650	(457)	881,795
Developer fee payable	-	-	-	176,350	-	-	(176,350)	-
Deferred revenue	-	-	-	-	10,397	-	-	10,397
Current portion of due to affiliates	-	126,915	70,600	451,282	-	-	(197,515)	-
Total current liabilities	<u>261,658</u>	<u>520,805</u>	<u>111,792</u>	<u>451,282</u>	<u>31,223</u>	<u>696,172</u>	<u>(374,322)</u>	<u>1,698,610</u>
LONG-TERM LIABILITIES:								
Mortgages and notes payable, net of current portion	91,211	314,782	-	218,517	-	1,250,454	(235,000)	1,639,964
Due to affiliates, net of current portion	50,692	218,421	4,332	-	186,234	67,410	(527,089)	-
Deferred developer fees payable	-	-	-	-	-	136,062	(136,062)	-
Accrued interest	-	-	-	-	-	77,874	(52,088)	25,786
Contingent loans and advances	-	-	-	2,357,727	-	-	-	2,357,727
Capital lease obligation, net of current portion	7,919	-	-	-	-	-	-	7,919
Non-controlling interest in consolidated subsidiary	-	-	-	-	-	(25,879)	-	(25,879)
Total long-term liabilities	<u>149,822</u>	<u>533,203</u>	<u>4,332</u>	<u>2,576,244</u>	<u>186,234</u>	<u>1,505,921</u>	<u>(950,239)</u>	<u>4,005,517</u>
Total liabilities	<u>411,480</u>	<u>1,054,008</u>	<u>116,124</u>	<u>3,027,526</u>	<u>217,457</u>	<u>2,202,093</u>	<u>(1,324,561)</u>	<u>5,704,127</u>
NET ASSETS:								
Unrestricted:								
Operating	543,243	-	-	-	308,592	-	(179,645)	672,190
Development	100,000	(98,281)	(943)	-	-	35,408	-	36,184
Property and equipment	8,851	-	-	-	-	(137,924)	-	(129,073)
Total unrestricted	<u>652,094</u>	<u>(98,281)</u>	<u>(943)</u>	<u>-</u>	<u>308,592</u>	<u>(102,516)</u>	<u>(179,645)</u>	<u>579,301</u>
Temporarily restricted	574,466	-	-	-	-	-	-	574,466
Permanently restricted - NW capital funds	50,000	117,276	-	-	484,686	-	499,074	1,151,036
Total net assets	<u>1,276,560</u>	<u>18,995</u>	<u>(943)</u>	<u>-</u>	<u>793,278</u>	<u>(102,516)</u>	<u>319,429</u>	<u>2,304,803</u>
Total liabilities and net assets	<u>\$ 1,688,040</u>	<u>\$ 1,073,003</u>	<u>\$ 115,181</u>	<u>\$ 3,027,526</u>	<u>\$ 1,010,735</u>	<u>\$ 2,099,577</u>	<u>\$ (1,005,132)</u>	<u>\$ 8,008,930</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
SUPPLEMENTARY COMBINING STATEMENT OF ACTIVITIES - OPERATING
FOR THE YEAR ENDED JUNE 30, 2011

	NOAH, INC.	PEACE PROPERTIES	AMANI PROPERTIES	STEVENS CORNER/LP	NOAH CDFI	PACE BORDER,LLC	ELIMI- NATIONS	TOTAL
UNRESTRICTED NET ASSETS								
OPERATING REVENUES:								
Rental income	\$ 56,792	\$ 15,900	\$ -	\$ -	\$ -	\$ 137,379	\$ (137,379)	\$ 72,692
Contracts, grants and other fees	723,501	-	-	-	-	-	-	723,501
Project management and developer fees	460,216	-	-	-	-	-	(29,799)	430,417
Interest income and other	66,898	15,658	438	-	27,392	-	(9,855)	100,531
Property management fees	335,557	-	-	-	-	-	-	335,557
Net assets released from purpose restrictions	847,913	-	-	-	-	-	-	847,913
Total operating revenues	2,490,877	31,558	438	-	27,392	137,379	(177,033)	2,510,611
OPERATING EXPENSES:								
Central Administration	421,198	-	520	548	-	37,265	(21,901)	437,630
Senior Home Repair	167,896	-	-	-	-	14,534	(9,416)	173,014
Housing Counseling	35,821	-	-	-	-	3,100	(3,346)	35,575
Community Services	573,976	-	-	-	-	49,680	(34,280)	589,376
Homebuyer Services	465,210	-	-	-	-	40,267	(32,334)	473,143
Real Estate and Economic Development	350,187	36,302	-	-	-	31,928	(34,012)	384,405
Property Management	268,345	-	-	-	-	23,230	(18,540)	273,035
NOAH CDFI	-	-	-	-	21,998	-	-	21,998
Total operating expenses	2,282,633	36,302	520	548	21,998	200,004	(153,829)	2,388,176
Changes in unrestricted net assets from operations	208,244	(4,744)	(82)	(548)	5,394	(62,625)	(23,204)	122,435
TEMPORARILY RESTRICTED NET ASSETS								
GRANTS AND CONTRIBUTIONS	862,316	-	-	-	-	-	-	862,316
NET ASSETS RELEASED FROM PURPOSE RESTRICTIONS	(847,913)	-	-	-	-	-	-	(847,913)
Changes in temporarily restricted net assets	14,403	-	-	-	-	-	-	14,403
Changes in net assets	222,647	(4,744)	(82)	(548)	5,394	(62,625)	(23,204)	136,838
CHANGES IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS								
Non-controlling interest attributable to consolidated subsidiary	-	-	-	-	-	12,525	-	12,525
Changes in net assets attributable to NOAH	\$ 222,647	\$ (4,744)	\$ (82)	\$ (548)	\$ 5,394	\$ (50,100)	\$ (23,204)	\$ 149,363

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
SUPPLEMENTARY COMBINING STATEMENT OF ACTIVITIES - OPERATING
FOR THE YEAR ENDED JUNE 30, 2010

	NOAH, INC.	PEACE PROPERTIES	AMANI PROPERTIES	STEVENS CORNER LP	NOAH CDFI	PACE BORDERLINE LLC	ELIMI- NATIONS	TOTAL
UNRESTRICTED NET ASSETS								
OPERATING REVENUES:								
Rental income	\$ 54,922	\$ 15,900	\$ -	\$ -	\$ -	\$ 136,006	\$ (136,006)	\$ 70,822
Contracts, grants and other fees	666,452	-	-	-	-	-	-	666,452
Project management and developer fees	443,674	-	-	-	-	-	(144,206)	299,468
Interest income and other	63,695	8,225	-	-	22,118	-	(22,923)	71,115
Property management fees	322,296	-	-	-	-	-	-	322,296
Loss on real estate development	-	(4,620)	-	-	-	-	-	(4,620)
Net assets released from purpose restrictions	863,183	-	-	-	-	-	-	863,183
Total operating revenues	<u>2,414,222</u>	<u>19,505</u>	<u>-</u>	<u>-</u>	<u>22,118</u>	<u>136,006</u>	<u>(303,135)</u>	<u>2,288,716</u>
OPERATING EXPENSES:								
Central Administration	385,378	-	-	-	-	36,614	(24,782)	397,210
Senior Home Repair	154,904	-	-	-	-	11,750	(7,930)	158,704
Housing Counseling	32,718	-	-	-	-	6,075	(4,107)	34,686
Community Services	606,673	-	-	-	-	47,965	(32,427)	622,211
Homebuyer Services	469,057	-	-	-	-	53,248	(35,999)	486,306
Real Estate and Economic Development	232,171	42,589	-	-	-	12,568	(23,235)	259,093
Property Management	288,842	-	-	-	-	32,974	(18,976)	302,840
NOAH CDFI	-	-	-	-	23,514	-	-	23,514
Total operating expenses	<u>2,169,743</u>	<u>42,589</u>	<u>-</u>	<u>-</u>	<u>23,514</u>	<u>201,174</u>	<u>(152,456)</u>	<u>2,284,564</u>
Changes in unrestricted net assets from operations	244,479	(23,084)	-	-	(1,396)	(65,168)	(150,679)	4,152
OTHER INCOME:								
Forgiveness of debt	50,000	-	-	-	-	-	-	50,000
Changes in unrestricted net assets	294,479	(23,084)	-	-	(1,396)	(65,168)	(150,679)	54,152
TEMPORARILY RESTRICTED NET ASSETS								
GRANTS AND CONTRIBUTIONS	825,100	-	-	-	-	-	-	825,100
NET ASSETS RELEASED FROM PURPOSE RESTRICTIONS	(863,183)	-	-	-	-	-	-	(863,183)
Changes in temporarily restricted net assets	(38,083)	-	-	-	-	-	-	(38,083)
PERMANENTLY RESTRICTED NET ASSETS								
GRANTS AND CONTRIBUTIONS	50,000	-	-	-	-	-	-	50,000
PROVISION FOR VALUATION ALLOWANCE ON NW FUND INVESTMENTS	-	-	-	-	(129,687)	-	-	(129,687)
Changes in permanently restricted net assets	50,000	-	-	-	(129,687)	-	-	(79,687)
Changes in net assets	306,396	(23,084)	-	-	(131,083)	(65,168)	(150,679)	(63,618)
CHANGES IN NET ASSETS ATTRIBUTABLE TO THE NON-CONTROLLING INTEREST								
Non-controlling interest attributable to consolidated subsidiary	-	-	-	-	-	14,324	-	14,324
Changes in net assets	<u>\$ 306,396</u>	<u>\$ (23,084)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (131,083)</u>	<u>\$ (50,844)</u>	<u>\$ (150,679)</u>	<u>\$ (49,294)</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

SUPPLEMENTARY COMBINING STATEMENTS OF CHANGES IN NET ASSETS - OPERATING
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	NOAH, INC.	PEACE PROPERTIES	AMANI PROPERTIES	STEVENS CORNER I.P.	NOAH CDFI	PACE BORDER LLC	ELIMI- NATIONS	NON- CONTROLLING INTEREST	TOTAL
NET ASSETS, June 30, 2009	\$ 970,164	\$ 42,079	\$ (943)	\$ -	\$ 924,361	\$ (51,672)	\$ 470,108	\$ -	\$ 2,354,097
Changes in net assets	<u>306,396</u>	<u>(23,084)</u>	<u>-</u>	<u>-</u>	<u>(131,083)</u>	<u>(50,844)</u>	<u>(150,679)</u>	<u>-</u>	<u>(49,294)</u>
NET ASSETS, June 30, 2010	1,276,560	18,995	(943)	-	793,278	(102,516)	319,429	-	2,304,803
Adoption of accounting principal	-	-	-	-	-	-	-	(25,879)	-
Changes in net assets	<u>222,647</u>	<u>(4,744)</u>	<u>(82)</u>	<u>(548)</u>	<u>5,394</u>	<u>(50,100)</u>	<u>(23,204)</u>	<u>(12,525)</u>	<u>136,838</u>
NET ASSETS, June 30, 2011	<u>\$ 1,499,207</u>	<u>\$ 14,251</u>	<u>\$ (1,025)</u>	<u>\$ (548)</u>	<u>\$ 798,672</u>	<u>\$ (152,616)</u>	<u>\$ 296,225</u>	<u>\$ (38,404)</u>	<u>\$ 2,415,762</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
SUPPLEMENTARY COMBINING STATEMENT OF CASH FLOWS - OPERATING
FOR THE YEAR ENDED JUNE 30, 2011

	NOAH, INC.	PEACE PROPERTIES	AMANI PROPERTIES	STEVENS CORNER LP	NOAH CDEL	PACE BOARDER LLC	ELIMI- NATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:								
Changes in unrestricted net assets from operations	\$ 208,244	\$ (4,744)	\$ (82)	\$ (548)	\$ 5,394	\$ (62,625)	\$ (23,204)	\$ 122,435
Adjustments to reconcile changes in unrestricted net assets from operations to net cash provided by (used in) operating activities:								
Depreciation	18,498	-	-	-	-	59,032	-	77,530
Bad debt	105,806	-	-	-	-	-	-	105,806
Changes in operating assets and liabilities -	(139,580)	-	-	-	(301,269)	(12,423)	308,010	(145,262)
Restricted deposits	-	-	-	-	307,724	-	-	307,724
Prepaid expenses and other	5,774	-	-	-	(17,826)	(27)	-	5,747
Accounts payable and other liabilities	7,412	(284,959)	(34,090)	-	(10,397)	(2,197)	457	(331,203)
Deferred revenue	-	-	-	-	(10,397)	-	-	(10,397)
Accrued interest	2,844	-	-	-	-	13,225	-	7,844
Net decrease in temporarily restricted net assets	14,403	-	-	-	-	-	(8,225)	14,403
Net cash provided by (used in) operating activities	223,401	(289,703)	(34,172)	(548)	(16,374)	(5,015)	277,038	154,627
CASH FLOWS FROM INVESTING ACTIVITIES:								
Increase in projects under development	-	(473,037)	(86,617)	(3,333,974)	-	-	29,799	(3,863,829)
Acquisition of property and equipment	(8,550)	-	-	-	-	-	-	(8,550)
Net cash provided by (used in) investing activities	(8,550)	(473,037)	(86,617)	(3,333,974)	-	-	29,799	(3,872,379)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Due from affiliates	(32,097)	457	-	-	14,326	5,692	46,867	35,245
Due to affiliates	(5,692)	310,113	51,283	-	-	(2,000)	(353,704)	-
Developer fee receivable	(17,857)	-	-	-	-	-	-	(17,857)
Principal payments of mortgages and notes payable	(33,196)	(8,410)	-	-	-	-	-	(41,606)
Proceeds from mortgages and notes payable	56,073	475,000	-	2,760,005	-	-	-	3,291,078
Developer fee payable	-	-	-	17,857	-	-	-	17,857
Principal payments of capital lease obligation	(13,574)	-	-	556,660	-	-	-	(13,574)
Proceeds from contingent loan advance	-	-	120,000	-	-	-	-	676,660
Recovery of allowance on NW	-	-	-	-	-	-	-	-
Net cash provided by (used in) financing activities	(46,343)	777,160	171,283	3,334,522	14,326	3,692	(306,837)	3,947,803
NET INCREASE (DECREASE) IN CASH								
CASH, beginning of year	168,508	14,420	50,494	-	(2,048)	(1,323)	-	230,051
CASH, end of year	718,018	2,269	3,260	-	28,024	8,850	-	760,421
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:								
Cash paid for interest, net capitalized interest	\$ 886,526	\$ 16,689	\$ 53,754	\$ -	\$ 25,976	\$ 7,327	\$ -	\$ 990,472
	\$ 8,461	\$ 6,771	\$ -	\$ -	\$ -	\$ 59,464	\$ -	\$ 74,696

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
SUPPLEMENTARY COMBINING STATEMENT OF CASH FLOWS - OPERATING
FOR THE YEAR ENDED JUNE 30, 2010

	NOAH, INC.	PEACE PROPERTIES	AMANI PROPERTIES	STEVENS CORNER LP	NOAH CDFI	PACE BORDER LLC	ELIMI-NATIONS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:								
Changes in unrestricted net assets from operations	\$ 244,479	\$ (23,084)	\$ -	\$ -	\$ (1,396)	\$ (65,168)	\$ (150,679)	\$ 4,152
Adjustments to reconcile changes in unrestricted net assets from operations to net cash provided by (used in) operating activities:								
Depreciation	18,735	-	-	-	22	59,033	-	77,790
Bad debt	38,275	8,225	-	-	2,239	-	(8,225)	40,514
Changes in operating assets and liabilities -								
Contracts, loans and other receivables	9,340	(8,225)	-	-	(145,742)	5,889	(19,260)	(157,998)
Developer fee receivable	(176,350)	-	-	-	-	-	176,350	-
Prepaid expenses and other	520	-	-	-	(12)	(7)	501	2,873
Accounts payable and other liabilities	5,638	-	-	-	(1,352)	(956)	(457)	(3,227)
Developer fee payable	-	-	-	-	(3,227)	-	-	(7,025)
Accrued interest	-	(9,666)	-	-	-	10,866	(8,225)	(38,083)
Net decrease in temporarily restricted net assets	(38,083)	(32,750)	-	-	(149,468)	9,657	(10,496)	(80,503)
Net cash provided by (used in) operating activities	<u>102,554</u>	<u>(32,750)</u>	<u>-</u>	<u>-</u>	<u>(149,468)</u>	<u>9,657</u>	<u>(10,496)</u>	<u>(80,503)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Increase in projects under development	-	(363,370)	(70,729)	(777,467)	-	-	33,266	(1,178,300)
Acquisition of property and equipment	(1,249)	-	-	(494,304)	154,963	-	-	(1,249)
(Increase) decrease in restricted deposits	(50,000)	-	-	-	-	-	-	(389,341)
Net cash provided by (used in) investing activities	<u>(51,249)</u>	<u>(363,370)</u>	<u>(70,729)</u>	<u>(1,271,771)</u>	<u>154,963</u>	<u>-</u>	<u>33,266</u>	<u>(1,568,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:								
Due from affiliates	(83,776)	(457)	-	-	-	5,704	26,481	(62,048)
Due to affiliates	(5,704)	204,023	73,932	(225,000)	-	2,000	(49,251)	-
Principal payments of mortgages and notes payable	-	-	-	(929,473)	-	(8,699)	-	(973,304)
Proceeds from mortgages and notes payable	(27,051)	(8,081)	-	218,517	-	-	-	278,270
Principal payments of capital lease obligation	59,753	-	-	-	-	-	-	(13,573)
Proceeds from contingent loan advance	(13,573)	-	-	2,207,727	-	-	-	2,207,727
Proceeds of NW capital funds	50,000	-	-	-	-	-	-	50,000
Net cash provided by (used in) financing activities	<u>(20,351)</u>	<u>195,485</u>	<u>73,932</u>	<u>1,271,771</u>	<u>-</u>	<u>(995)</u>	<u>(22,770)</u>	<u>1,497,072</u>
NET INCREASE (DECREASE) IN CASH	<u>30,954</u>	<u>(200,635)</u>	<u>3,203</u>	<u>-</u>	<u>5,495</u>	<u>8,662</u>	<u>-</u>	<u>(152,321)</u>
CASH, beginning of year	<u>687,064</u>	<u>202,904</u>	<u>57</u>	<u>-</u>	<u>22,529</u>	<u>188</u>	<u>-</u>	<u>912,742</u>
CASH, end of year	<u>\$ 718,018</u>	<u>\$ 2,269</u>	<u>\$ 3,260</u>	<u>\$ -</u>	<u>\$ 28,024</u>	<u>\$ 8,850</u>	<u>\$ -</u>	<u>\$ 760,421</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:								
Cash paid for interest, net capitalized	\$ 10,998	\$ 7,120	\$ -	\$ -	\$ 3,166	\$ 59,641	\$ -	\$ 80,925
Projects under development transferred to Stevens Corner LP	\$ -	\$ (1,275,676)	\$ -	\$ 1,275,676	\$ -	\$ -	\$ -	\$ -
Forgiveness of debt	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Note payable transfer to Stevens Corner from Peace Properties	\$ -	\$ 929,473	\$ -	\$ (929,473)	\$ -	\$ -	\$ -	\$ -
Accounts payable and due to affiliates transferred to Stevens Corner	\$ -	\$ 346,206	\$ -	\$ (346,206)	\$ -	\$ -	\$ -	\$ -
Due from affiliates	\$ -	\$ -	\$ -	\$ 65,410	\$ -	\$ -	\$ (65,410)	\$ -

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

SUPPLEMENTARY COMBINING STATEMENT OF FINANCIAL POSITION - RENTAL PROGRAMS
JUNE 30, 2011

<u>ASSETS</u>	SHALOM PROPERTIES, INC.	PAZ PROPERTIES, INC.	TRINITY HOUSE LLC	SIOCHAIN PROPERTIES LP	<u>TOTAL</u>
CURRENT ASSETS:					
Cash	\$ 23,227	\$ 60,185	\$ 208,918	\$ 14,882	\$ 307,212
Current portion of restricted deposits	24,535	25,920	-	23,559	74,014
Contracts, loans and other receivables	5,821	2,512	5,433	1,019	14,785
Prepaid expenses and other	6,164	14,303	3,529	2,995	26,991
Total current assets	59,747	102,920	217,880	42,455	423,002
RESTRICTED DEPOSITS, net of current portion	52,960	410,773	5,148	10,902	479,783
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,790,084	3,391,943	1,360,252	1,810,023	8,352,302
Total assets	<u>\$ 1,902,791</u>	<u>\$ 3,905,636</u>	<u>\$ 1,583,280</u>	<u>\$ 1,863,380</u>	<u>\$ 9,255,087</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES:					
Current portion of mortgages and notes payable	\$ 39,130	\$ 24,806	\$ -	\$ 13,588	\$ 77,524
Accounts payable and other liabilities	37,848	50,781	115,153	11,593	215,375
Deferred revenue	-	2,042	-	-	2,042
Current portion of due to affiliates	-	-	33,500	-	33,500
Total current liabilities	76,978	77,629	148,653	25,181	328,441
LONG-TERM DEBT:					
Mortgages and notes payable, net of current portion	1,402,209	2,353,315	1,223,495	1,045,534	6,024,553
Due to affiliates, net of current portion	78,849	-	132,686	76,201	287,736
Accrued interest	-	-	103,529	714,773	818,302
Developer fee payable	-	-	-	111,593	111,593
Contingent loans and advances	164,000	1,909,501	-	-	2,073,501
Total long-term debt	1,645,058	4,262,816	1,459,710	1,948,101	9,315,685
Total liabilities	1,722,036	4,340,445	1,608,363	1,973,282	9,644,126
NET ASSETS:					
Unrestricted:					
Operating	(43,120)	436,064	(58,311)	(764,492)	(429,859)
Property and equipment	23,875	(1,077,981)	33,228	764,489	(256,389)
Total unrestricted	(19,245)	(641,917)	(25,083)	(3)	(686,248)
Temporarily restricted	100,000	-	-	-	100,000
Permanently restricted - NW capital funds	100,000	207,108	-	-	307,108
Total net assets attributable to NOAH	180,755	(434,809)	(25,083)	(3)	(279,140)
Non-controlling interest - Siochain	-	-	-	(109,899)	(109,899)
Total liabilities and net assets	<u>\$ 1,902,791</u>	<u>\$ 3,905,636</u>	<u>\$ 1,583,280</u>	<u>\$ 1,863,380</u>	<u>\$ 9,255,087</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

SUPPLEMENTARY COMBINING STATEMENT OF FINANCIAL POSITION - RENTAL PROGRAMS
JUNE 30, 2010

<u>ASSETS</u>	<u>SHALOM PROPERTIES, INC.</u>	<u>PAZ PROPERTIES, INC.</u>	<u>TRINITY HOUSE LLC</u>	<u>TOTAL</u>
CURRENT ASSETS:				
Cash	\$ 11,624	\$ 47,121	\$ 41,372	\$ 100,117
Current portion of restricted deposits	27,907	27,495	83,951	139,353
Contracts, loans and other receivables	3,822	1,739	9,019	14,580
Prepaid expenses and other	21,831	39,078	4,572	65,481
Total current assets	65,184	115,433	138,914	319,531
RESTRICTED DEPOSITS, net of current portion	41,816	151,470	8,545	201,831
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,843,031	3,330,589	840,052	6,013,672
Total assets	<u>\$ 1,950,031</u>	<u>\$ 3,597,492</u>	<u>\$ 987,511</u>	<u>\$ 6,535,034</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Current portion of mortgages and notes payable	\$ 36,389	\$ 15,740	\$ 186,056	\$ 238,185
Accounts payable and other liabilities	48,273	52,526	23,138	123,937
Deferred revenue	-	1,050	-	1,050
Current portion of due to affiliates	-	14,326	32,379	46,705
Total current liabilities	84,662	83,642	241,573	409,877
LONG-TERM DEBT:				
Mortgages and notes payable, net of current portion	1,441,299	2,013,452	543,695	3,998,446
Due to affiliates, net of current portion	85,637	-	104,808	190,445
Accrued interest	-	-	88,058	88,058
Contingent loans and advances	164,000	1,909,501	-	2,073,501
Total long-term debt	1,690,936	3,922,953	736,561	6,350,450
Total liabilities	1,775,598	4,006,595	978,134	6,760,327
NET ASSETS:				
Unrestricted:				
Operating	(26,910)	199,001	(100,924)	71,167
Property and equipment	1,343	(815,212)	110,301	(703,568)
Total unrestricted	(25,567)	(616,211)	9,377	(632,401)
Temporarily restricted	100,000	-	-	100,000
Permanently restricted - NW capital funds	100,000	207,108	-	307,108
Total net assets	174,433	(409,103)	9,377	(225,293)
Total liabilities and net assets	<u>\$ 1,950,031</u>	<u>\$ 3,597,492</u>	<u>\$ 987,511</u>	<u>\$ 6,535,034</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

SUPPLEMENTARY COMBINING STATEMENTS OF CHANGES IN NET ASSETS -
RENTAL PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	SHALOM PROPERTIES, INC.	PAZ PROPERTIES, INC.	TRINITY HOUSE LLC	SIOCHAIN PROPERTIES LP	TOTAL	NON- CONTROLLING INTEREST	TOTAL
NET ASSETS, June 30, 2009	\$ 153,416	\$ (410,590)	\$ -	\$ -	\$ (257,174)	\$ -	\$ (257,174)
Changes in net assets	<u>21,017</u>	<u>1,487</u>	<u>9,377</u>	<u>-</u>	<u>31,881</u>	<u>-</u>	<u>31,881</u>
NET ASSETS, June 30, 2010	174,433	(409,103)	9,377	-	(225,293)	-	(225,293)
Adoption of accounting principal	-	-	-	9	9	9,046	9,055
Changes in net assets	<u>6,322</u>	<u>(25,706)</u>	<u>(34,460)</u>	<u>(12)</u>	<u>(53,856)</u>	<u>(118,945)</u>	<u>(172,801)</u>
NET ASSETS, June 30, 2011	<u>\$ 180,755</u>	<u>\$ (434,809)</u>	<u>\$ (25,083)</u>	<u>\$ (3)</u>	<u>\$ (279,140)</u>	<u>\$ (109,899)</u>	<u>\$ (389,039)</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

SUPPLEMENTARY COMBINING STATEMENT OF CASH FLOWS - RENTAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2011

	SHALOM PROPERTIES, INC.	PAZ PROPERTIES, INC.	TRINITY HOUSE LLC	SIOCHAIN PROPERTIES, LP	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Changes in unrestricted net assets from operations	\$ 6,322	\$ (25,706)	\$ (34,460)	\$ (118,957)	\$ (172,801)
Adjustments to reconcile changes in unrestricted net assets from operations to net cash provided by operating activities:					
Depreciation	55,447	111,889	39,837	59,236	266,409
Bad debt	7,504	1,229	2,507	238	11,478
Changes in operating assets and liabilities:					
Contracts, loans and other receivables	(9,503)	(2,002)	1,079	2,916	(7,510)
Prepaid expenses and other	15,667	24,775	1,043	(111)	41,374
Accounts payable and other liabilities	(10,425)	(1,745)	92,015	1,882	81,727
Deferred revenue	-	992	-	-	992
Accrued interest	-	-	15,471	89,727	105,198
Net cash provided by operating activities	<u>65,012</u>	<u>109,432</u>	<u>117,492</u>	<u>34,931</u>	<u>326,867</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property and equipment	(2,500)	(173,243)	(560,037)	-	(735,780)
(Increase) decrease in restricted deposits	(7,772)	(257,728)	87,348	(9,203)	(187,355)
Net cash used in investing activities	<u>(10,272)</u>	<u>(430,971)</u>	<u>(472,689)</u>	<u>(9,203)</u>	<u>(923,135)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Due to affiliates	(6,788)	(14,326)	28,999	-	7,885
Proceeds from notes payable	-	364,669	679,800	-	1,044,469
Principal payments of mortgages and notes payable	(36,349)	(15,740)	(186,056)	(12,614)	(250,759)
Net cash provided by (used in) financing activities	<u>(43,137)</u>	<u>334,603</u>	<u>522,743</u>	<u>(12,614)</u>	<u>801,595</u>
NET INCREASE IN CASH	11,603	13,064	167,546	13,114	205,327
CASH, beginning of year	11,624	47,121	41,372	1,768	101,885
CASH, end of year	\$ 23,227	\$ 60,185	\$ 208,918	\$ 14,882	\$ 307,212
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -					
Cash paid for interest	<u>\$ 42,348</u>	<u>\$ 72,872</u>	<u>\$ 18,184</u>	<u>\$ 20,258</u>	<u>\$ 153,662</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES

**SUPPLEMENTARY COMBINING STATEMENT OF CASH FLOWS - RENTAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>SHALOM PROPERTIES, INC.</u>	<u>PAZ PROPERTIES, INC.</u>	<u>TRINITY HOUSE LLC</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Changes in unrestricted net assets from operations	\$ 21,017	\$ 1,487	\$ 9,377	\$ 31,881
Adjustments to reconcile changes in unrestricted net assets from operations to net cash provided by operating activities:				
Depreciation	55,290	111,945	39,860	207,095
Bad debt	1,152	-	849	2,001
Changes in operating assets and liabilities:				
Contracts, loans and other receivables	(2,485)	1,670	(1,357)	(2,172)
Prepaid expenses and other	(3,261)	(12,564)	(1,008)	(16,833)
Accounts payable and other liabilities	5,030	13,489	(17,743)	776
Accrued interest	-		5,212	5,212
Net cash provided by operating activities	<u>76,743</u>	<u>116,027</u>	<u>35,190</u>	<u>227,960</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of property and equipment	(25,630)	(13,497)	(31,617)	(70,744)
(Increase) decrease in restricted deposits	<u>11,671</u>	<u>(11,893)</u>	<u>(7,801)</u>	<u>(8,023)</u>
Net cash used in investing activities	<u>(13,959)</u>	<u>(25,390)</u>	<u>(39,418)</u>	<u>(78,767)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Due to affiliates	(18,948)	-	54,419	35,471
Principal payments of mortgages and notes payable	<u>(33,064)</u>	<u>(43,785)</u>	<u>(8,819)</u>	<u>(85,668)</u>
Net cash provided by (used in) financing activities	<u>(52,012)</u>	<u>(43,785)</u>	<u>45,600</u>	<u>(50,197)</u>
NET INCREASE IN CASH	10,772	46,852	41,372	98,996
CASH, beginning of year	<u>852</u>	<u>269</u>	<u>-</u>	<u>1,121</u>
CASH, end of year	<u>\$ 11,624</u>	<u>\$ 47,121</u>	<u>\$ 41,372</u>	<u>\$ 100,117</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -				
Cash paid for interest	<u>\$ 44,388</u>	<u>\$ 40,007</u>	<u>\$ -</u>	<u>\$ 84,395</u>

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC. AND AFFILIATES
SUPPLEMENTARY COMBINING STATEMENTS OF FUNCTIONAL EXPENSES - RENTAL PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011				2010				
	SHALOM PROPERTIES, INC.	PAZ PROPERTIES, INC.	TRINITY HOUSE I.L.C.	SIOCHAIN PROPERTIES I.P.	TOTAL	SHALOM PROPERTIES, INC.	PAZ PROPERTIES, INC.	TRINITY HOUSE I.L.C.	TOTAL
PERSONNEL AND RELATED COSTS:									
Consulting and contract labor	\$ 9,678	\$ 10,791	\$ 7,283	\$ 2,752	\$ 30,504	\$ 10,464	\$ 10,062	\$ 8,036	\$ 28,562
OTHER EXPENSES:									
Repairs, maintenance and security	111,726	140,359	35,638	49,108	336,831	102,934	134,800	30,161	267,895
Interest expense and bank fees	66,020	72,885	18,198	109,988	267,091	66,578	40,008	14,816	121,402
Insurance and taxes	57,097	65,105	17,393	22,484	162,079	57,193	62,595	16,134	135,922
Telephone and utilities	45,560	36,751	18,815	17,678	118,804	40,894	33,407	20,225	94,526
Professional fees	12,773	13,862	18,682	9,721	55,038	8,000	8,000	12,413	28,413
Special events and other program expenses	7,728	10,445	30,426	-	48,599	9,985	18,368	-	28,353
Condo fee	13,984	-	-	-	13,984	16,128	-	-	16,128
Bad debt	7,504	1,229	2,507	238	11,478	1,152	-	849	2,001
Equipment rental and purchases	1,272	5,660	1,395	1,200	9,527	1,726	2,579	-	4,305
Travel and conferences	1,551	6,779	-	-	8,330	1,551	6,779	21	8,351
Miscellaneous	394	385	2,104	1,334	4,217	619	519	4,986	6,124
Total other expenses	325,609	353,460	145,158	211,751	1,035,978	306,760	307,055	99,605	713,420
Total expenses before depreciation	335,287	364,251	152,441	214,503	1,066,482	317,224	317,117	107,641	741,982
DEPRECIATION	55,447	111,889	39,837	59,236	266,409	55,290	111,945	39,860	207,095
	\$ 390,734	\$ 476,140	\$ 192,278	\$ 273,739	\$ 1,332,891	\$ 372,514	\$ 429,062	\$ 147,501	\$ 949,077