

**NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.
NOAH COMMUNITY DEVELOPMENT FUND, INC.
PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.
SHALOM PROPERTIES, INC.,
SIOCHAIN PROPERTIES, INC. AND
PACE BORDER, LLC
COMBINED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED June 30, 2004
(With Comparative Totals for June 30, 2003)**

**Jane S. Getter
Certified Public Accountant
331 Page Street, 2nd Floor
Stoughton, MA 02072**

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.
NOAH COMMUNITY DEVELOPMENT FUND, INC.
PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER, LLC

INDEX TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004
(With Comparative Totals for June 30, 2003)

	<u>Page</u>
<u>Financial Statements</u>	
Independent Auditor's Report	1
Combined Statement of Financial Position	2-3
Combined Statement of Activities	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6-7
Combined Notes to Financial Statements	8-24
<u>Additional Information</u>	
Schedule of Expenditures of Federal Awards	25-26
Schedule of Findings and Questioned Costs	27
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	29-30



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CERTIFIED PUBLIC ACCOUNTANT

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Board of Directors

Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC
143 Border Street
East Boston, MA 02128

Independent Auditor's Report

We have audited the accompanying combined statements of financial position of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc. (a nonprofit organization), and Pace Border, LLC (a limited liability company) as of June 30, 2004 and the related combined statement of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2004 on our consideration of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Jane S. Getter,
Certified Public Accountant

Stoughton, Massachusetts
December 3, 2004

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)

ASSETS

	<u>2004</u>	<u>2003</u>
<u>Current Assets</u>		
Cash - Unrestricted	\$ 563,163	\$ 330,410
Cash - Restricted	159,715	336,029
Total cash	<u>722,878</u>	<u>666,439</u>
Accounts receivable	406,133	395,620
Prepaid expenses	36,978	16,736
Deposits and escrow accounts	450,164	197,133
Current portion of mortgage loans receivable (note 4)	27,567	89,264
Total other current assets	<u>920,842</u>	<u>698,753</u>
Total current assets	<u>1,643,720</u>	<u>1,365,192</u>
<u>Other Assets</u>		
Due from related entities (note 3)	136,712	135,411
Mortgage loans receivable - noncurrent portion (note 4)	1,626,353	842,471
Deferred development fee from Siochain Properties Limited Partnership	55,797	55,797
Total other assets	<u>1,818,862</u>	<u>1,033,679</u>
<u>Investments (note 5)</u>	<u>72,229</u>	<u>72,607</u>
<u>Property and Equipment</u>		
Land - operations	183,750	-
Land - property held for rental	389,444	389,444
Buildings and improvements - property held for rental	6,115,728	5,499,938
Buildings and improvements - operations	1,353,315	78,635
Furniture and equipment	137,010	123,638
Capital leases	178,380	61,680
Accumulated depreciation and amortization	(1,029,998)	(884,215)
Total property and equipment	<u>7,327,629</u>	<u>5,269,120</u>
<u>Properties in Development</u>	<u>3,486,719</u>	<u>1,869,122</u>
 Total assets	 <u>\$ 14,349,159</u>	 <u>\$ 9,609,720</u>

See independent auditor's report.
 The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
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COMBINED STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)

LIABILITIES AND NET ASSETS

	<u>2004</u>	<u>2003</u>
<u>Current Liabilities</u>		
Accounts payable	\$ 106,957	\$ 217,155
Accrued expenses and interest	92,427	83,467
Security deposits and escrows	95,651	63,937
Due to Siochain Properties Limited Partnership	349	303
Notes and mortgages payable - current portion	726,495	-
Capital leases payable – current portion (note 9)	<u>23,340</u>	<u>12,336</u>
Total current liabilities	<u>1,045,219</u>	<u>377,198</u>
<u>Long-term Liabilities</u>		
Notes and mortgages payable long-term (note 6)	6,098,350	5,049,755
Notes and mortgages to be repaid from proceeds of property sale (note 6)	2,384,698	212,243
Deferred mortgage loans payable (note 7)	2,113,363	2,113,363
Capital leases payable noncurrent portion (note 9)	<u>127,432</u>	<u>35,905</u>
Total long-term liabilities	<u>10,723,843</u>	<u>7,411,266</u>
Total liabilities	<u>\$ 11,769,062</u>	<u>\$ 7,788,464</u>
<u>Net Assets</u>		
Unrestricted	579,189	(207,976)
Temporarily restricted (notes 10 and 13)	176,677	430,000
Permanently restricted (notes 8, 10 and 18)	<u>1,824,231</u>	<u>1,599,232</u>
Total net assets	<u>\$ 2,580,097</u>	<u>\$ 1,821,256</u>
Total liabilities and net assets	<u>\$ 14,349,159</u>	<u>\$ 9,609,720</u>

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NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
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COMBINED STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2004</u>	<u>Total 2003</u>
<u>Support and Revenue</u>					
<u>Support</u>					
Contributions and grants (note 10)	\$ 321,382	\$ 737,205	\$ 225,000	1,283,587	\$ 1,203,395
Net assets released from restrictions:					
Satisfaction of program restrictions	990,528	(990,528)	-	-	-
<u>Revenue</u>					
Contracts (note 11)	278,245	-	-	278,245	305,397
Rental income	651,459	-	-	651,459	577,611
Management and development fees	61,605	-	-	61,605	125,759
Program service revenue	356,038	-	-	356,038	164,636
Interest income	64,682	-	-	64,682	46,450
<u>Other Income</u>					
Income (loss) from real estate development activities (note 12)	260,139	-	-	260,139	(36,594)
<u>Total Support and Revenue</u>	<u>2,984,078</u>	<u>(253,323)</u>	<u>225,000</u>	<u>2,955,755</u>	<u>2,386,654</u>
<u>Expenses and Losses</u>					
<u>Program Services</u>					
Homeowner and homebuyer services	-	-	-	-	99,506
Housing development	143,621	-	-	143,621	176,140
Neighborhood projects	428,764	-	-	428,764	314,277
Senior home services	159,427	-	-	159,427	168,507
Housing counseling	42,089	-	-	42,089	31,719
Property Rental	752,531	-	-	752,531	710,884
Lending programs	400,592	-	-	400,592	252,824
Total program services	1,927,024	-	-	1,927,024	1,753,857
<u>Support Services</u>					
General and administrative	297,039	-	-	297,039	249,569
Fundraising	81,464	-	-	81,464	89,911
Total support services	378,503	-	-	378,503	339,480
Total expenses	2,305,527	-	-	2,305,527	2,093,337
<u>Other Losses</u>					
Loss on investments	389	-	-	389	307
<u>Total Expenses and Losses</u>	<u>2,305,916</u>	<u>-</u>	<u>-</u>	<u>2,305,916</u>	<u>2,093,644</u>
Change in net assets	678,162	(253,323)	225,000	649,839	293,010
Net assets at beginning of year	(207,975)	430,000	1,599,231	1,821,256	1,545,424
Prior period adjustment (note 14)	9,002	-	-	9,002	(17,178)
Capital contributions (note 2)	100,000	-	-	100,000	-
Net assets at end of year	<u>\$ 579,189</u>	<u>\$ 176,677</u>	<u>\$ 1,824,231</u>	<u>\$ 2,580,097</u>	<u>\$ 1,821,256</u>

See independent auditor's report.
 The accompanying notes are an integral part of these financial statements.

NOAH - ALL COMPANIES
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 AFTER INTER-COMPANY CONSOLIDATION
 YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)

	Housing Development	Neighborhood Projects	Senior Home Services	Housing Counseling	Property Rental	Lending Programs	Total Program Services	General and Administrative	Fundraising	2004 Total All Expenses	2003 Total All Expenses
Salaries	88,458	167,955	74,569	28,263	133,437	195,699	3,668,392	87,731	47,417	823,530	826,085
Payroll taxes	10,871	27,313	10,454	4,680	14,595	28,630	96,542	13,998	6,859	117,399	88,580
Employee benefits	5,076	12,458	10,305	7,165	19,838	20,807	75,648	13,577	4,485	93,709	67,704
Insurance - workers compensation	-	-	7,794	-	-	-	7,794	1,286	-	9,080	56,124
Total Salaries and Related Expenses	104,205	207,725	103,121	40,107	167,871	245,396	668,365	116,592	58,767	1,043,779	1,038,492
Appraisal fees	-	-	1,500	-	12,500	4,500	30,820	6,000	-	24,500	30,000
Audit	1,658	784	-	-	50	5,742	8,244	2,029	-	10,273	10,340
Advertising and marketing	-	-	-	-	-	-	-	-	-	-	2,026
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Computer expense	2,326	5,106	1,202	980	2,313	4,897	16,824	17,277	1,192	35,293	33,371
Condominium fees	-	-	-	-	7,189	-	7,189	-	-	7,189	-
Consultants	3,455	19,447	-	-	2,075	9,150	34,127	12,005	4,600	50,732	124,689
Dues and subscriptions	-	-	-	-	964	300	300	2,263	-	6,039	4,023
Equipment rental	-	553	-	-	545	-	1,617	2,263	-	3,880	2,854
Fees and permits	-	-	-	-	-	-	545	35	-	580	2,114
Grants	-	-	-	-	-	-	-	20,000	-	20,000	-
Interest expense	-	-	-	-	122,342	21,855	44,197	0	-	144,198	142,062
Legal fees	-	-	-	-	21,840	6,966	28,806	2,217	-	31,023	3,268
Loan commission fees	-	-	-	-	-	43,886	43,886	-	-	43,886	-
Management and administrative	-	-	-	-	-	(9,491)	(9,491)	13,073	-	3,582	29,865
Materials	6	10	35,264	-	11,828	644	47,106	1,159	9	48,275	45,468
Meeting expense	233	1,196	-	-	753	753	2,825	5,796	-	8,561	4,368
Office expense	759	1,793	415	288	2,768	4,164	10,166	8,850	1,131	20,167	19,065
Outside contractors	545	144,101	9,936	-	13,720	-	168,302	3,059	-	171,361	131,780
Payroll services	-	-	-	-	284	-	284	1,790	-	2,064	1,622
Postage and shipping	624	725	175	200	599	3,631	5,954	2,791	800	9,544	8,884
Printing and copying	300	37	-	-	853	853	1,190	3,447	7,518	12,154	5,518
Program expenses	19,370	31,527	-	-	12,130	10,795	73,821	11,250	6,449	91,520	45,539
Insurance	-	-	3,893	-	45,190	2,807	51,890	17,719	-	69,609	59,293
Real estate taxes	-	-	-	-	75,440	-	75,440	-	-	75,440	48,066
Rent and occupancy	7,906	11,595	-	-	679	9,667	29,866	8,520	-	36,386	18,377
Repairs and maintenance	-	-	-	-	19,076	-	19,076	300	-	19,376	27,005
Staff development	1,197	927	-	-	1,225	98	3,447	9,430	50	12,927	6,903
Subrecipients	-	-	-	-	-	-	-	-	-	-	-
Telephone	668	2,930	1,034	504	7,133	2,809	15,077	2,393	934	18,404	13,121
Travel and transportation	372	199	2,888	10	3,250	1,143	7,861	1,306	21	9,188	8,580
Utilities	-	-	-	-	59,214	-	59,214	-	-	59,214	53,332
Total before depreciation and amortization	143,621	428,764	159,427	42,099	590,957	400,592	1,765,460	272,980	81,464	2,119,894	1,920,025
Depreciation and amortization	-	-	-	-	161,575	-	161,575	24,059	-	185,633	173,312
Total Expenses	143,621	428,764	159,427	42,099	752,531	400,592	1,927,034	297,039	81,464	2,305,527	2,093,337

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 649,582	\$ 293,010
Adjustments to reconcile excess of support and revenue over expenses to net cash used by operating activities:		
Depreciation and amortization	185,633	173,312
Loss on investments	389	307
(Increase) decrease in:		
Accounts receivable	(10,513)	(135,567)
Prepaid expenses	(20,242)	15,885
Deposits and escrow accounts	(253,031)	(13,971)
Due from related entities	(1,301)	(13,735)
Increase (decrease) in:		
Accounts payable and accrued expenses	(101,238)	206,121
Security deposits and escrows payable	31,714	(11,250)
Due to related parties	46	(49)
<u>Net Cash Provided by Operating Activities</u>	<u>481,039</u>	<u>514,063</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of furniture and equipment	(13,368)	(3,485)
Loans to homeowners	(1,598,913)	(677,235)
Loans repaid by homeowners	876,728	372,407
Additions to rental property	-	(26,329)
(Gain) loss on sale of real estate	(260,139)	614,892
Additions to buildings and improvements	(3,511,923)	(1,047,220)
Capitalized development fees eliminated in intercompany combination	239,082	(85,591)
Proceeds from sale of real estate	178,558	63,169
(Income) from housing development subsidies	-	(578,298)
Contributions used to acquire capital assets	(90,000)	-
<u>Net Cash (Used) by Investing Activities</u>	<u>(4,179,975)</u>	<u>(1,367,690)</u>
<u>Cash Flows From Financing Activities</u>		
Capital contributions	100,000	-
Capital contributions eliminated in intercompany combination	217,000	-
Lease payments	(14,170)	(12,306)
Proceeds from mortgages and loans	5,166,584	2,458,255
Payments on mortgages and loans	(1,714,039)	(1,210,584)
<u>Net Cash Provided by Financing Activities</u>	<u>3,755,375</u>	<u>1,235,365</u>
<u>Net Increase (decrease) in Cash</u>	<u>56,439</u>	<u>381,738</u>
<u>Cash - Beginning</u>	<u>666,439</u>	<u>284,701</u>
<u>Cash - Ending</u>	<u>\$ 722,878</u>	<u>\$ 666,439</u>

(continued)

See independent auditor's report.
 The accompanying notes are an integral part of this financial statements.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
NOAH COMMUNITY DEVELOPMENT FUND, INC.,
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COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004
(With Comparative Totals for June 30, 2003)
(continued)

Supplemental Disclosure of Cash Flows Information

Cash paid during the year for interest - expensed	144,197
Cash paid during the year for interest - capitalized	42,777
Cash paid during the year for real estate tax - expensed	75,440
Cash paid during the year for real estate tax - capitalized	5,776

Supplemental Schedule of Non Cash Investing and Financing Activities

Loan proceeds used to purchase real estate at closing	508,921
Loans repaid at closing - sale of real property	150,000
Loans proceeds used to pay off other loans	805,802
Contribution of real estate	90,000

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COMBINED NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(With Comparative Totals for June 30, 2003)

(1) Organization and Nature of Activities

The accompanying financial statements include the accounts of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc. and Pace Border, LLC for the year ended June 30, 2004. Neighborhood of Affordable Housing, Inc., together with NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc. and Siochain Properties, Inc. is a non-profit Community Development Corporation organized to increase housing opportunities for low and moderate income persons. Pace Border, LLC is a limited liability company controlled by Peace Properties, Inc. All corporations share common management, facilities, and Board membership. All accounts have been combined for financial statement and auditing purposes (see note 24).

The organization provides the following services for low-to-moderate income persons, primarily in East Boston, Massachusetts: neighborhood, homebuyer and homeowner services, housing development, services to senior homeowners, rental of housing, housing counseling services, loans to homeowners, economic development and community planning, and a variety of neighborhood service projects.

Funding comes from loans, grants and contracts from government and quasi-government organizations, foundations, and other private donors. The organization also receives rental income and other program service fees.

(2) Summary of Significant Accounting Policies

a. Standards of Accounting and Reporting

Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc. and Pace Border, LLC follow the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-For-Profit Organizations".

b. Basis of Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of nature of any donor restrictions.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are not subject to donor imposed stipulations.

c. Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over estimated lives of 25 to 40 years for buildings and building improvements, and 5 to 7 years for furniture and equipment. Capital leases are amortized over the estimated useful lives of the assets, and are included in depreciation and amortization expense.

Furniture and equipment costing \$1,000 or more is capitalized.

(continued)

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
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COMBINED NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(With Comparative Totals for June 30, 2003)
(continued)

(2) Summary of Significant Accounting Policies (Continued)

d. Principles of Consolidation

The accompanying combined financial statements include the accounts of the following corporations, all of which are under common management: Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc. and Pace Border LLC. All material intercompany transactions and balances have been eliminated in combination (details in note 24).

Pace Border, LLC has been included because it is controlled by Peace Properties, Inc., the 100% owner of 143 Border Street, Inc. managing member. The interest of the minority member has been deemed to be immaterial and has not been eliminated. Capital contributions by the minority member have been used to acquire assets in Pace Border, LLC.

e. Use of Estimates

The presentation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications directly or on the basis of time records, actual expense records, and in some cases on estimates made by the Organization's management.

g. Cash Flow Information

The organization considers all cash in banks to be cash equivalents for the purposes of the statement of cash flows. Cash held in deposit and escrow accounts is recorded as "Deposits and escrow accounts" rather than as cash.

h. Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2003, from which the summarized information derived.

i. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(3) Due from Related Entities

Neighborhood of Affordable Housing, Inc., (NOAH) is the sole owner of NOAH Trinity, Inc., a Massachusetts corporation formed to be the general partner and 1% owner of NOAH Trinity Limited Partnership, which was formed to purchase and develop the Trinity Neighborhood House as low-income housing.

Siochain Properties, Inc. is the .01% general partner in Siochain Properties Limited Partnership, which was formed to develop rental properties in East Boston.

NOAH and Peace Properties, Inc. have advanced funds to these entities for cash flow purposes as follows:

	June 30, 2004	June 30, 2003
NOAH Trinity, Inc.	\$ 9,914	\$ 9,148
NOAH Trinity Limited Partnership	80,372	80,372
Siochain Properties Limited Partnership	46,426	45,891
Total	\$ 136,712	\$ 135,411

(4) Mortgage Loans Receivable

At June 30, 2004 the Organization had outstanding loans receivable from local residents for purchase and/or rehabilitation of low-to-moderate income housing, totaling \$1,653,920 at June 30, 2004 and \$931,735 at June 30, 2003. Interest rates range from 5% to 8.25% and maturity dates range from 10 to 30 years. Loans are secured by a second or third lien on the property purchased or improved. All loans were current at June 30, 2004. Maturities of loans receivable are as follows:

Year Ended June 30	Total	Less Interest	Principal
2005	113,109	85,542	27,567
2006	110,495	86,208	24,287
2007	110,495	84,789	25,706
2008	109,753	83,348	26,405
2009	109,222	81,846	27,376
Total	\$ 553,074	\$ 421,733	\$ 131,341
After 2009			1,522,579
Total			\$ 1,653,920

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(5) Investments

Neighborhood of Affordable Housing, Inc. owns 100% of NOAH Trinity, Inc. This corporation owns 1% as general partner in the NOAH Trinity Limited Partnership which owns and operates the Trinity Neighborhood House in East Boston, MA. This investment is reported using the equity method.

NOAH's total equity in NOAH Trinity Inc. was \$ 72,229 at June 30, 2004 and \$ 72,607 at June 30, 2003.

(6) Notes and Mortgages Payable

	Current	Long-Term	Balance June 30, 2004	Balance June 30, 2003
<u>Notes Payable by Neighborhood of Affordable Housing, Inc.</u>				
CEDAC - 7% promissory note for development, repaid in July, 2004.	\$ 18,351	\$ -	\$ 18,351	\$ -
City of Boston Department of Neighborhood Development - (MAP/TAP), no interest, for investment in Trinity Neighborhood House, due August 6, 2007.	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
Total notes payable by Neighborhood of Affordable Housing, Inc.	\$ 18,351	\$ 50,000	\$ 68,351	\$ 50,000

Notes and Mortgages Payable by NOAH Community Development Fund, Inc.

Citizens Bank – 4.91% note due 2021 to be used to provide mortgage loans to homeowners. Secured by mortgage loans.	\$ -	\$ 112,263	\$ 112,263	\$ 15,750
Boston Federal Savings Bank – credit lines, various interest rates, to be used to provide mortgage loans to homeowners. Secured by mortgage loans.	306,425	-	306,425	191,665
Dedham Institution for Savings – 5% credit line, to be used to provide mortgage loans to homeowners. Secured by mortgage loans.	285,600	-	285,600	66,500
Fleet Bank – demand credit line to be used to provide second mortgage loans to first time homebuyers.	-	-	-	127,470
Total notes payable by NOAH Development Fund, Inc.	\$ 592,025	\$ 112,263	\$ 704,288	\$ 401,385

(continued)

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(6) Notes and Mortgages Payable (continued)

	Current	Long-Term	Balance June 30, 2004	Balance June 30, 2003
<u>Notes and Mortgages Payable by Peace Properties, Inc.</u>				
<u>Boston Community Loan Fund, Inc.</u>				
6.5% first mortgage, interest only, secured by property at 332 Meridian Street, East Boston, due November 29, 2004.	\$ 60,000	\$ -	\$ 60,000	\$ 39,918
7% note secured by properties in development at 143-153 Border Street, East Boston, interest payable monthly, due upon receipt of permanent financing.	-	-	-	536,217
7% second mortgage secured by land at 10 Falcon Street, East Boston, due July 15, 2005.	-	100,000	100,000	83,793
<u>City of Boston Department of Neighborhood Development</u> MAP/TAP loan for neighborhood business development.	-	25,000	25,000	25,000
<u>Mass Development Finance Agency</u>	-	25,000	25,000	25,000
<u>MHIC, LLC</u>				
Adjustable rate note due July 15, 2005, interest only. Secured by land at 10 Falcon Street.	-	365,000	365,000	365,000
<u>CEDAC</u>				
7% note secured by property at 143-153 Border Street, due upon receipt of permanent financing.	-	-	-	269,586
<u>Partners for the Common Good, Inc</u>				
5.5% loan in the maximum amount of \$250,000 for acquisition of property, secured by real property. Interest only is payable quarterly, with principal due July, 2007.	-	150,000	150,000	-
 Total notes and mortgages payable by Peace Properties, Inc.	\$ 60,000	\$ 665,000	\$ 725,000	\$ 1,344,514

(continued)

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
NOAH COMMUNITY DEVELOPMENT FUND, INC.,
PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(With Comparative Totals for June 30, 2003)
(continued)

(6) Notes and Mortgages Payable (continued)

	<u>Current</u>	<u>Long-Term</u>	<u>Balance June 30, 2004</u>	<u>Balance June 30, 2003</u>
<u>Notes and Mortgages Payable by Paz Properties, Inc.</u>				
<u>Boston Community Capital</u>				
8% loan secured by property at Eutaw and Meridian Streets, East Boston, MA due March 31, 2013.	\$ 4,842	\$ 51,862	\$ 56,704	\$ 61,100
<u>City of Boston Department of Neighborhood Development (note 22)</u>				
3% second mortgage secured by property at:				
108-110 White Street, East Boston, MA	-	355,120	355,120	355,120
49-55 Putnam Street, East Boston, MA	-	472,325	472,325	472,325
449-451 Saratoga Street, East Boston, MA	-	354,811	354,811	354,811
5% second mortgage secured by property at 359-363 Meridian Street, East Boston, MA.	-	727,245	727,245	727,245
<u>Massachusetts Housing Partnership Fund</u>				
4.52% note for \$450,000; secured by multiple properties in East Boston, MA; balance due May 10, 2010.	23,202	362,621	385,823	407,988
7.67% note for \$412,000; secured by property at 115 Everett Street, East Boston, MA; balance due October 3, 2021.	4,478	397,621	402,099	406,250
Total notes and mortgages payable by Paz Properties, Inc.	<u>\$ 32,522</u>	<u>\$ 2,721,605</u>	<u>\$ 2,754,127</u>	<u>\$ 2,784,839</u>
<u>Notes and Mortgages Payable by Shalom Properties, Inc.</u>				
<u>Massachusetts Housing Partnership Fund</u>				
7.97% note secured by multiple properties in East Boston, MA; balance due October 6, 2017	\$ 16,590	\$ 649,350	\$ 665,940	\$ 681,261
<u>Dovermuehle Mortgage</u>				
5.375% mortgage loans secured by four condominium units in Everett, MA, balance due December 1, 2033.	7,007	484,635	491,642	-
Total mortgages and notes payable by Shalom Properties, Inc.	<u>\$ 23,597</u>	<u>\$ 1,133,985</u>	<u>\$ 1,157,582</u>	<u>\$ 681,261</u>

(continued)

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(6) Notes and Mortgages Payable (continued)

			Balance		Balance
	Current	Long-Term	June 30, 2004		June 30, 2003
<u>Notes and Mortgages Payable by Pace Border LLC</u>					
<u>Massachusetts Housing Investment Corporation</u>					
6.144% first mortgage loan, interest only, secured by property at 143 Border Street, East Boston, MA, balance due June 1, 2011.	\$ -	\$ 688,522	\$ 688,522	\$ -	-
2.667% second mortgage loan, interest only, beginning April 1, 2005. \$100,000 in principal and \$50,000 in accrued interest payable due March 1, 2014, balance due March 1, 2034. Secured by property at 143 Border Street, East Boston, MA.	-	526,975	526,975	-	-
Third mortgage loan, 2.50% initial rate payable from cash flow. Terms change at year 8 1/2. Principal and accrued interest due April, 2024.	-	200,000	200,000	-	-
<u>Local Initiatives Support Corporation</u>					
6.30% note, interest only, principal due upon sale of condominium unit.	764,656	-	764,656	-	-
<u>Life Insurance Community Investment Initiative, LLC</u>					
6.5% construction loan, repaid in August, 2004 at sale of condominium unit.	<u>1,620,042</u>	<u>-</u>	<u>1,620,042</u>	<u>-</u>	<u>-</u>
Total notes and mortgages payable by Pace Border, LLC	<u>\$ 2,384,698</u>	<u>\$ 1,415,497</u>	<u>\$ 3,800,195</u>	<u>\$ -</u>	<u>-</u>
 Total notes and mortgages payable - all companies	 <u>\$ 3,111,193</u>	 <u>\$ 6,098,350</u>	 <u>\$ 9,209,543</u>	 <u>\$ 5,261,999</u>	 <u>-</u>

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(7) Deferred Mortgage Loans Payable

Shalom Properties, Inc. and Paz Properties, Inc. have received loans for the purpose of rehabilitating houses in East Boston. Interest rates range from zero to five percent. Some may be discharged in future years if certain conditions are fulfilled. The balances will be recorded as revenue in those years.

	<u>Current</u>	<u>Long-Term</u>	<u>Balance June 30, 2004</u>	<u>Balance June 30, 2003</u>
<u>City of Boston Department of Neighborhood Development (note 22)</u>				
Deferred payment note, non-interest bearing, balance due October 7, 2017	\$ -	\$ 245,339	\$ 245,339	\$ 245,339
Deferred mortgage loans secured by the following:				
124 Falcon Street, East Boston, MA	-	45,000	45,000	45,000
440 Meridian Street, East Boston, MA payments begin December, 2007.	-	164,000	164,000	164,000
<u>Massachusetts Housing Partnership Fund Board</u>				
0% Second mortgage loan secured by property at 115 Everett Street, East Boston, MA (Paz Properties, Inc.)	-	1,413,685	1,413,685	1,413,685
Deferred payment note, non-interest bearing, balance due October 6, 2017 (Shalom Properties, Inc.)	-	245,339	245,339	245,339
Total deferred mortgage loans	<u>\$ -</u>	<u>\$ 2,113,363</u>	<u>\$ 2,113,363</u>	<u>\$ 2,113,363</u>

(8) Permanently Restricted Net Assets

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Permanently restricted net assets were restricted to:		
Investment in perpetuity for loans to homeowners and development of low-income housing Neighborhood Reinvestment Corporation (note 18)	<u>\$ 1,824,232</u>	<u>\$ 1,599,232</u>

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(9) Maturities of Long-Term Debt and Future Minimum Lease Payments

Maturities of notes and mortgages for each of the next five years and thereafter are as follows:

Year Ending June 30	Principal
2005	\$ 3,111,193
2006	524,653
2007	63,425
2008	217,452
2009	71,751
Subtotal	3,988,474
After 2009	5,221,069
Total	\$ 9,209,543

Future minimum lease payments of capital leases are as follows:

Year Ending June 30	Lease Payment
2005	\$ 23,340
2006	23,340
2007	23,340
2008	23,340
2009	19,450
Total	112,810
Lease to be cancelled	37,962
Leases payable	\$ 150,772

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(10) Contributions and Grants

Temporarily Restricted Grants

<u>Donor</u>	<u>Program Restrictions</u>	<u>Amount</u>
Anonymous Donors	Building	\$ 190,000
Anonymous Donors	Capital Campaign	140,000
The Charles Bacon Foundation	Senior Homeowner Services	7,500
The Boston Foundation	Chelsea Creek	40,000
Boston Private Bank	Capital Campaign	2,500
Campbell and Hall Charity Fund	Senior Homeowner Services	7,000
City of Boston	Chelsea Creek	
Edward Ingersoll Browne Fund		5,000
Jane B Cook 1992 Charitable Foundation	Chelsea Creek	10,000
The East Boston Foundation	East Boston Schoolyards	28,450
The Eastern Bank Charitable Foundation	Capital Campaign	5,000
Episcopal City Mission	Chelsea Creek	10,000
Farnsworth Charitable Trust	Senior Homeowner Services	7,000
Fleet Boston Financial Foundation	Housing development and mortgage programs	15,000
Foundation M	Chelsea Creek	10,000
John Hancock Financial Services	East Boston Schoolyards	2,500
The Lenny Fund	Schoolyard Summer Program	5,000
Merck Family Fund	Chelsea Creek	101,565
George and Jane Mifflin Memorial Fund	Capital Campaign	10,000
Neighborhood Reinvestment Corporation	Housing Counseling	22,166
Neighborhood Reinvestment Corporation	Grant to MA CDC	20,000
The Harold Whitworth Pierce Charitable Trust	Chelsea Creek	12,000
Sailors' Snug Harbor of Boston	Senior Homeowner Services	10,000
Sovereign Bank	Capital Campaign	25,000
Anna B Stearns Foundation	Chelsea Creek	15,000
Urban Ecology Institute	Chelsea Creek	7,524
Waste Management of Massachusetts, Inc.	Chelsea Creek	25,000
Woodward Fund	Schoolyard Summer Program	4,000
		<hr/>
Temporarily restricted grants for the year ended June 30, 2004		\$ 737,205
		<hr/>
Temporarily restricted grants for the year ended June 30, 2003		\$ 848,564
		<hr/>

(continued)

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(10) Contributions and Grants (continued)

Permanently Restricted Grants

Neighborhood Reinvestment Corporation	\$	<u>225,000</u>
Permanently restricted grants for the year ended June 30, 2004:	\$	<u>225,000</u>
Permanently restricted grants for the year ended June 30, 2003:	\$	<u>200,000</u>

Unrestricted Grants

Citizen's Bank		22,500
Local Initiatives Support Corporation		2,000
Neighborhood Reinvestment Corporation		94,357
Fannie Mae Foundation		75,000
United Way		104,342
Other Contributions		<u>23,183</u>
Unrestricted grants for the year ended June 30, 2004:	\$	<u>321,382</u>
Unrestricted grants for the year ended June 30, 2003:	\$	<u>154,831</u>

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(11) Contracts

Contracts for the year ended June 30, 2004 were as follows:

	<u>Revenue</u>	<u>Expenditures</u>
<u>Commonwealth of Massachusetts</u>		
Executive Office of Environmental Affairs, Massachusetts Environmental Trust	\$ 15,000	\$ 15,000
<u>City of Boston</u>		
Department of Neighborhood Development - HOME/CHDO Program	20,000	20,000
Department of Neighborhood Development for Housing Counseling	41,453	41,453
Department of Neighborhood Development for Senior Homeowner Services	165,349	165,349
<u>U.S. Environmental Protection Agency</u>		
Direct Contribution	3,543	3,543
<u>Other Contracts</u>		
Chelsea Human Services	20,400	20,400
<u>U.S. Department of the Interior</u>		
Direct Contribution	2,500	2,500
<u>Local Initiatives Support Corporation</u>		
HUD NCDI 2nd Grant	10,000	10,000
Total contracts for the year ended June 30, 2004	<u>\$ 278,245</u>	<u>\$ 278,245</u>
Total contracts for the year ended June 30, 2003	<u>\$ 305,397</u>	<u>\$ 305,397</u>

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(12) Income From Real Estate Development Activities

Peace Properties, Inc. acquires and rehabilitates real estate in East Boston, Massachusetts, and resells the renovated properties to homeowners at market value. Typically, the total costs of the properties exceed the sale prices. The resulting losses are offset by housing subsidies from the City of Boston Department of Neighborhood Development which results from forgiveness of construction loans when the properties are sold (listed below). Grants from other sources also subsidize real estate development activities. In the year ended June 30, 2004, Peace Properties, Inc. sold its office building.

Income from real estate activities was as follows:

	<u>Year Ended June 30, 2004</u>	<u>Year Ended June 30, 2003</u>
Sale of real estate	\$ 347,000	\$ 867,974
Less cost of sales	<u>(86,861)</u>	<u>(1,531,494)</u>
Gain (loss) on sales of real estate before intercompany combination	260,139	(663,520)
Development fees paid from Peace Properties, Inc. to Neighborhood of Affordable Housing, Inc. This cost of sale has been eliminated in intercompany combination.	-	48,628
Gain (loss) on sale of residential real estate	<u>260,139</u>	<u>(614,892)</u>
Housing development subsidies (loans forgiven)	-	578,298
Income (loss) from real estate development activities	<u>\$ 260,139</u>	<u>\$ (36,594)</u>

(13) Temporarily Restricted Net Assets

Temporarily restricted net assets were as follows:

Capital account for office building	\$ 16,677	\$ 50,000
Schoolyard project	-	5,000
Chelsea Creek program	<u>160,000</u>	<u>375,000</u>
	<u>\$ 176,677</u>	<u>\$ 430,000</u>

	<u>Year Ended June 30, 2004</u>	<u>Year Ended June 30, 2003</u>
Restricted to:		
Program purposes	\$ -	\$ 185,000
Use in the future fiscal year	<u>176,677</u>	<u>245,000</u>
	<u>\$ 176,677</u>	<u>\$ 430,000</u>

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
NOAH COMMUNITY DEVELOPMENT FUND, INC.,
PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(With Comparative Totals for June 30, 2003)
(continued)

(14) Prior Period Adjustment

June 30, 2004 - prior year expenses were overstated in the amount of \$9,002.

June 30, 2003 - In a prior year, Neighborhood of Affordable Housing, Inc. received funds intended to be held in escrow for a community group. These funds, in the amount of \$ 17,178, were reported as revenue instead of as liabilities.

(15) Related Party Transactions

Neighborhood of Affordable Housing, Inc. (NOAH) is the sole owner of NOAH Trinity, Inc., a Massachusetts corporation formed to be the general partner and 1% owner of NOAH Trinity Limited Partnership, which was formed to purchase and develop the Trinity Neighborhood House as low-income housing. As detailed in notes (3) and (5), NOAH has equity of \$72,229 in NOAH Trinity, Inc. and has advanced funds to both NOAH Trinity, Inc. and NOAH Trinity Limited Partnership. In addition, NOAH receives management fees from NOAH Trinity Limited Partnership in the amount of \$33,900 per year. Accounts receivable included \$24,415 due from the partnership at June 30, 2004 and 2003.

Siochain Properties, Inc. is the .01% limited partner of Siochain Properties Limited Partnership, which was formed to develop rental properties in East Boston.

As detailed in note 3, Neighborhood of Affordable Housing, Inc. has advanced funds to Siochain Properties Limited Partnership.

Neighborhood of Affordable Housing, Inc. offers second mortgage loans to East Boston homeowners. As of June 30, 2004, the organization had outstanding mortgages receivable from an employee in the amount of \$ 70,444. This related party borrower met underwriting standards and income eligibility requirements. The borrower did not have a conflict of interest as defined in the organization's loan policies.

Peace Properties, Inc. is the sole owner of 143 Border Street, Inc., a Massachusetts corporation. 143 Border Street, Inc. is the managing member of Pace Border, LLC, which was formed to own commercial property at 143 Border Street, East Boston. At June 30, 2004 Pace Border, LLC owned two condominium units, one of which was sold in August, 2004. The remaining condominium unit is the office of Neighborhood of Affordable Housing, Inc. and affiliates. NOAH pays rental expenses to Pace Border, LLC. The income and expense have been eliminated in intercompany combination.

(16) Income Tax Status

Neighborhood of Affordable Housing, Inc. and Peace Properties, Inc. are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; Paz Properties, Inc., and Shalom Properties, Inc. and Siochain Properties, Inc. are exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code, and all are exempt from State income taxes. Therefore, no provision has been made for such taxes in the accompanying financial statements. Neighborhood of Affordable Housing, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc. and Siochain Properties, Inc. have been classified as "other than a private foundation" by the Internal Revenue Service and qualify for the 50% charitable contribution deduction under Section 170(b)(1)(a) of the Internal Revenue Code.

(continued)

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2004
 (With Comparative Totals for June 30, 2003)
 (continued)

(16) Income Tax Status (continued)

NOAH Community Development Fund, Inc. was incorporated in 2001 as a Massachusetts nonprofit corporation. As of the present date, the IRS has not approved its status as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes that the exemption will be granted retroactively, and that no income taxes would be due in any event. Therefore, no provision has been made for such taxes in the accompanying financial statements.

(17) Rental Income

Peace Properties, Inc., Paz Properties, Inc., and Shalom Properties, Inc. own rental properties which are rented to low-to-moderate income tenants. In general, leases are for twelve months. In some cases, rentals are tenancies-at-will. Rental income is received from tenants or from the Boston Housing Authority. There were no long-term rental agreements at June 30, 2004 or 2003.

(18) Schedule of Financial Position - Neighborhood Reinvestment Corporation Permanently Restricted Net Assets

	Year Ended June 30, 2004	Year Ended June 30, 2003
Cash in Bank (Loan Escrows)	\$ 101,089	\$ 233,666
Mortgage Loans Receivable	869,685	532,912
Buildings	853,458	832,654
 Total assets	 \$ 1,824,232	 \$ 1,599,232
Total net assets	\$ 1,824,232	\$ 15,999,232

Buildings

<u>Company</u>	<u>Address</u>	<u>Amount</u>
Shalom Properties, Inc	Various (7 buildings)	\$ 100,000
Paz Properties, Inc	Various (2 Buildings)	207,108
Peace Properties, Inc	Border Street	452,000
Peace Properties, Inc	Border /Falcon Street	39,000
Peace Properties, Inc	332 Meridian St	55,350
		\$ 853,458
		\$ 832,654

(19) Cash in Banks

At June 30, 2004 cash exceeded the amount insured by the Federal Deposit Insurance Corporation (FDIC) by \$538,202.

See independent auditor's report.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
NOAH COMMUNITY DEVELOPMENT FUND, INC.,
PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

COMBINED NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
(With Comparative Totals for June 30, 2003)
(continued)

(20) Contingent Liabilities

Paz Properties, Inc. and Shalom Properties, Inc. hold mortgages payable to the City of Boston Department of Neighborhood Development. Proceeds have been used to create rental property for low-to-moderate income tenants. Although the loan agreements specify interest accrual at stated rates, management believes that the loans will eventually be negotiated or forgiven. Therefore, the interest has not been recorded in the financial statements.

There is a reasonable possibility that this additional accrued interest could be payable at a future date. Additional accrued interest has been calculated, but not recorded, as follows as of June 30, 2004:

Paz Properties, Inc.	\$ 481,000
Shalom Properties, Inc.	12,434
Total contingent liability	<u>\$ 493,434</u>

In the previous years accrued interest was added to the loan balances in Paz Properties, Inc. Mortgages payable include \$ 72,143 which management believes will not be payable.

(21) Other Contingencies

Forgivable Loans - Loans from the City of Boston, Department of Neighborhood Development, will be forgiven once certain conditions are met. In general, properties must remain affordable housing for a specified time period.

Terms of Certain Mortgages - Some loans may be called or required to be paid if certain conditions are not met. Conditions relate to maintaining properties as low-to-moderate income housing.

(22) Concentration of Credit Risk

As described in note 4, the Organization provides mortgage loans to low-to-moderate income individuals. These loans receivable are a concentration of credit risk.

(23) Interest Costs Incurred

For the year ended June 30, 2004, Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc. and Pace Border, LLC incurred interest costs as follows:

Interest expense charged to operations.	<u>\$ 144,197</u>
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See independent auditor's report.

(24) Combining Entries	Neighborhood of Affordable Housing, Inc.			Peace Properties, Inc.			Paz Property		NOAH Community Development F	
	Before Combination	Combining Entries	After Combination	Before Combination	Combining Entries	After Combination	Before Combination	Combining Entries	Before Combination	Combining Entries
Assets										
Current assets and cash	831,693	(129,010)	702,683	147,493	-	147,493	150,095	-	284,441	61,051
Due from related entities	454,597	(336,665)	117,932	22,849	(4,069)	18,780	75,000	(75,000)	77,894	(77,894)
Mortgage loans receivable	478,899	(478,899)	-	235,000	(235,000)	-	-	-	1653,920	(27,567)
Property & Equipment	173,123	-	173,123	-	-	-	3,902,787	-	-	-
Other non-current assets	55,797	-	55,797	-	-	-	-	-	-	-
Long-term investments	72,229	-	72,229	217,000	(217,000)	-	-	-	-	-
Buildings in development	-	-	-	642,965	-	642,965	-	-	-	-
Less capitalized intercompany costs	-	-	-	-	-	-	-	(243,000)	-	-
Total Assets	2,066,338	(944,574)	1,121,764	1,265,307	(456,069)	809,238	4,127,882	(318,000)	2,016,255	(44,410)
Liabilities										
Current liabilities	198,900	(15,750)	183,150	111,629	(43,432)	68,197	120,571	(58,000)	653,642	26,812
Long-term liabilities	177,432	-	177,432	665,000	-	665,000	4,135,290	-	112,263	-
Due to related entities	56,774	(56,774)	-	177,668	(177,668)	-	14,326	(14,326)	223,902	(223,902)
Total Liabilities	433,106	(72,524)	360,582	954,297	(221,100)	733,197	4,270,187	(73,000)	989,807	(197,090)
Net Assets										
Unrestricted net assets	1,456,555	(872,050)	584,505	(140,990)	(234,969)	(375,959)	(349,413)	(245,000)	(38,674)	152,679
Temporarily restricted net assets	176,677	-	176,677	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	452,000	-	452,000	207,108	-	1065,123	-
Total Net Assets	1,633,232	(872,050)	761,182	311,010	(234,969)	76,041	(142,305)	(245,000)	1,026,449	152,679
Total Liabilities and Net Assets	2,066,338	(944,574)	1,121,764	1,265,307	(456,069)	809,238	4,127,882	(318,000)	2,016,255	(44,411)
Support and Revenue										
Contributions, grants and contracts	1,374,166	(275,000)	1,099,166	100,000	-	100,000	-	-	272,666	-
Management fees	593,247	(531,642)	61,605	-	-	-	-	-	-	-
Development fees	252,332	(252,332)	-	-	-	-	-	-	-	-
Rental income	-	-	-	9,000	(9,000)	-	332,111	-	-	-
Development subsidies	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of real estate	-	-	-	260,139	-	260,139	-	-	-	-
Program service income	42,506	-	42,506	250	-	250	-	-	313,282	-
Interest income	3,508	-	3,508	231	-	231	1,306	-	59,255	-
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Total Support and Revenue	2,265,759	(1,058,974)	1,206,785	369,620	(9,000)	360,620	333,417	-	645,203	-
Expenses and Losses										
Grants	20,000	-	20,000	-	-	-	289,457	(104,000)	-	-
Expenses	1,552,459	(248,988)	1,303,471	397,462	(381,733)	15,729	-	-	455,377	(60,000)
Depreciation and amortization	24,058	-	24,058	-	-	-	109,886	-	-	-
Subtotal	1,596,517	(248,988)	1,347,529	397,462	(381,733)	15,729	399,343	(104,000)	455,377	(60,000)
Loss on investments	378	-	378	-	-	-	-	-	-	-
Total expenses and losses	1,596,895	(248,988)	1,347,907	397,462	(381,733)	15,729	399,343	(104,000)	455,377	(60,000)
Change in net assets	668,864	(809,986)	(141,122)	(27,842)	372,733	344,891	(65,926)	104,000	189,826	60,000
Capital Contributions	-	-	-	-	-	-	-	-	-	-
Net assets beginning	955,391	(1,360,410)	(405,019)	338,850	1,353,482	1,692,332	(76,379)	114,000	836,623	(690,259)
Prior period adjustment (note 14)	9,002	-	9,002	-	-	-	-	-	-	-
Net assets ending	1,633,257	(2,170,396)	(537,139)	311,008	1,726,215	2,037,223	(142,305)	219,000	1,026,449	(630,259)

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.
 NOAH COMMUNITY DEVELOPMENT FUND, INC.
 PEACE PROPERTIES, INC. PAZ PROPERTIES, INC.
 SHALOM PROPERTIES, INC., SIOCHAM PROPERTIES, INC., AND FACE BORDER, LLC
 COMBINED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024
 (With Comparative Totals for June 30, 2023)

	Neighborhood of Affordable Housing, Inc.	Face Properties, Inc.	Paz Properties, Inc.	Shalom Properties, Inc.	Community Development Fund, Inc.	Siocham Properties, Inc.	Face Border, LLC	All Corporations Combined 2024	All Corporations Combined 2023
(24) Combining Entities									
Before Combining Entities	137,633	147,433	190,095	80,632	284,441	61,051	345,482	1,643,720	1,275,928
After Combining Entities	702,683	1,069	18,780	80,632	77,884	1,653,920	1,275,928	1,643,720	1,275,928
Current assets and cash	128,010	14,069	190,095	80,632	284,441	61,051	345,482	1,643,720	1,275,928
Due from related entities	(338,685)	(4,069)	(235,000)	(10,218)	(223,902)	(27,894)	(1,275,928)	(1,643,720)	(1,275,928)
Accounts receivable	(478,859)	235,000	3,902,787	2,022,201	1,653,920	(27,894)	1,610,888	1,656,338	931,736
Property & Equipment	173,123	-	-	-	-	-	-	57,979	6,578,979
Other non-current assets	55,797	217,000	-	-	-	-	-	55,797	65,785
Long-term investments	72,229	642,855	-	-	-	-	-	72,229	72,607
Buildings in development	-	-	-	-	-	-	-	3,842,122	855,954
Less capitalized intercompany costs	-	-	-	-	-	-	-	(356,773)	(297,681)
Total Assets	2,066,338	1,321,764	1,285,307	809,233	4,127,882	2,102,882	2,048,768	14,349,159	9,609,720
Liabilities									
Current liabilities	168,500	183,180	111,629	68,197	128,571	61,871	72,576	2,355,196	3,423,858
Long-term liabilities	177,432	177,432	665,000	655,000	4,135,290	1,833,583	1,021,218	2,120,396	1,399,145
Due to related entities	56,774	(17,689)	1,438	10,218	14,328	(14,328)	10,218	4,089	349
Total Liabilities	433,106	360,582	954,137	733,197	4,230,187	1,915,457	1,818,012	4,516,680	5,223,342
Net Assets	1,456,565	964,305	1,440,900	809,233	2,897,695	1,187,425	1,230,756	9,832,479	4,386,378
Temporarily restricted net assets	176,677	176,677	452,000	452,000	207,108	100,000	100,000	1,855,123	1,855,123
Permanently restricted net assets	783,232	783,232	311,070	76,241	(42,939)	(30,737)	78,306	73,877	2,580,097
Total Net Assets	2,066,338	1,321,764	1,285,307	809,233	4,127,882	2,102,882	2,048,768	14,349,159	9,609,720
Support and Revenue	1,374,166	1,393,626	180,080	130,000	-	190,000	90,000	272,855	1,509,792
Contributions, grants and contracts	392,241	61,605	-	-	-	-	-	61,605	87,229
Development fees	292,522	9,000	(9,000)	-	332,111	319,348	319,348	10,750	571,382
Rentals Income	-	-	-	-	-	-	-	561,459	578,282
Development Subsidies	-	-	-	-	-	-	-	260,438	(814,882)
Grant (loan) in kind of real estate	-	42,668	459	237	-	313,282	313,282	358,038	164,532
Other non-current income	-	3,503	231	231	1,308	392	581,283	64,802	46,192
Financials	-	-	-	-	-	-	-	-	-
Income recovery	-	-	-	-	-	-	-	-	-
Total Support and Revenue	2,285,739	1,058,974	389,820	360,232	333,417	699,739	499,730	645,203	2,955,735
Expenses and Losses	20,000	30,000	397,462	16,729	298,457	183,657	341,185	455,317	3,350
Depreciation	1,552,458	1,305,471	397,462	16,729	109,898	46,986	46,986	4,723	4,723
Depreciation and amortization	24,058	24,058	397,462	16,729	399,343	294,943	174,420	455,317	3,350
Salaries	1,596,517	1,347,528	397,462	16,729	109,898	46,986	46,986	4,723	4,723
Costs on investments	378	378	-	-	-	-	-	-	-
Total expenses and losses	1,596,895	1,347,907	397,462	16,729	399,343	294,943	174,420	455,317	3,350
Change in net assets	659,864	(80,986)	(14,562)	183,657	341,185	(144,520)	455,317	1,888,459	2,932,016
Capital Contributions	955,391	(1,300,410)	339,890	1,882,332	1,144,609	38,220	836,823	(699,259)	148,954
Net assets beginning	8,822	9,022	311,008	1,726,215	2,031,223	1,423,305	219,009	76,714	186,383
Effect of adjustment (see 14)	1,633,257	(2,170,396)	1,726,215	2,031,223	(142,305)	76,714	186,383	339,336	315,751
Net assets ending	1,633,257	(2,170,396)	1,726,215	2,031,223	(142,305)	76,714	186,383	339,336	315,751

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/ Pass-Through Grantor/ Program title	Federal CFDA Number	Pass-Through Entity Identifying number	Federal Expenditures	Other Outstanding Balances
<u>U.S. Department of Housing and Urban Development</u>				
<u>Pass-Through from Neighborhood Reinvestment Corp.</u>				
Housing Counseling Assistance Program	14.169		\$ 22,166	
<u>Pass-Through from City of Boston</u>				
<u>Department of Neighborhood Development</u>				
<u>Community Development Block Grants</u>				
Housing Counseling	14.218		41,453	
Senior Home Services	14.218		165,349	
LISC NCDI	14.218		10,000	
Total Community Development Block Grants			<u>216,802</u>	
<u>Pass-Through from Neighborhood Development Support</u>				
<u>Collaborative - HOME/CHDO</u>				
Home Investment Partnership Program	14.239		20,000	
Total HOME/CHDO			<u>20,000</u>	
<u>Neighborhood Reinvestment Corporation</u>	21.000	Enabling legislation Public Law 95-957	<u>305,000</u>	*
<u>U.S. Department of the Interior</u>				
<u>Pass-Through from Chelsea Human Services</u>				
Cooperative Forestry Assistance	10.664		2,500	
<u>U.S. Environmental Protection Agency</u>				
Surveys, Studies, Investigations and Special				
Purpose Grants - Direct Contract	16.606		3,543	
Chelsea Human Services	16.606		20,400	
Total U.S Environmental Protection Agency			<u>23,943</u>	
Total federal expenditures			<u>\$ 590,411</u>	

*Major Program

The accompanying notes are an integral part of this schedule.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
 NOAH COMMUNITY DEVELOPMENT FUND, INC.,
 PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
 SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC. AND PACE BORDER LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004
 (Continued)

Additional Balances of Federal Loans at June 30, 2004

Federal Grantor/ Pass-Through Grantor/ Program title	Federal CFDA Number	Pass-Through Entity Identifying number	Federal Expenditures	Other Outstanding Balances
<u>Pass-Through from City of Boston</u>				
<u>Department of Neighborhood Development</u>				
Mortgages funded by U.S. Department of Housing and Urban Development:				
Community Development Block Grants	14.218			\$ 1,119,423
Rental Supplements	14.149			271,834
HOME Investment Partnership Program	14.239			<u>1,179,614</u>
Total City of Boston mortgages				<u>\$ 2,570,871</u>

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc. and Siochain Properties, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

See independent auditor's report.

The accompanying notes are an integral part of this schedule.

NEIGHBORHOOD OF AFFORDABLE HOUSING, INC.,
NOAH COMMUNITY DEVELOPMENT FUND, INC.,
PEACE PROPERTIES, INC., PAZ PROPERTIES, INC.,
SHALOM PROPERTIES, INC., SIOCHAIN PROPERTIES, INC., AND PACE BORDER, LLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the combined financial statements of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an *Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award program for Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC expresses an unqualified opinion on all major federal programs.
6. Not applicable.
7. The program tested as major programs was:

Neighborhood Reinvestment Corporation – Enabling legislation Public Law 95-957
Dept. of the Treasury.
8. The threshold for distinguishing between Type A and B programs was \$ 500,000.
9. Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC was determined to be a low-risk auditee.

B. Findings - Financial statements audit - None

C. Findings and questioned costs - Major Federal Award Programs Audit - None

D. Federal award programs audit - None



JANE S. GETTER

CERTIFIED PUBLIC ACCOUNTANT

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Fax (781) 344-6960

Board of Directors

Neighborhood Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC
143 Border Street
East Boston, MA 02128

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

We have audited the combined financial statements Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC as of and for the year ended June 30, 2004, and have issued our report thereon dated December 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

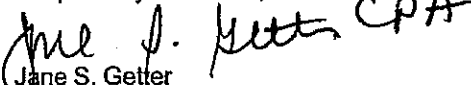
As part of obtaining reasonable assurance about whether Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Property Inc. and Pace Border, LLC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties Inc. and Pace Border, LLC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,


Jane S. Getter
Certified Public Accountant

Stoughton, Massachusetts
December 3, 2004



JANE S. GETTER

CERTIFIED PUBLIC ACCOUNTANT

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Board of Directors

Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC
143 Border Street
East Boston, MA 02128

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc. and Pace Border, LLC with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties Inc. and Pace Border, LLC's management. Our responsibility is to express an opinion on Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties Inc. and Pace Border, LLC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC's compliance with those requirements.

In our opinion, Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

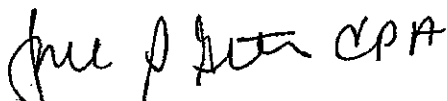
Internal Control Over Compliance

The management of Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Neighborhood of Affordable Housing, Inc., NOAH Community Development Fund, Inc., Peace Properties, Inc., Paz Properties, Inc., Shalom Properties, Inc., Siochain Properties, Inc., and Pace Border, LLC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jane S. Getter CPA". The signature is written in a cursive style with some capital letters.

Jane S. Getter
Certified Public Accountant

Stoughton, Massachusetts
December 3, 2004