



# **HOUSING FAMILIES AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
JUNE 30, 2022 AND 2021**

## HOUSING FAMILIES INC. AND AFFILIATES

Contents  
June 30, 2022 and 2021

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## Independent Auditor's Report

To the Board of Directors of  
Housing Families Inc. and Affiliates:

### **Opinion**

We have audited the consolidating financial statements of Housing Families Inc. (a Massachusetts nonprofit corporation) and Affiliates (collectively, HFI and Affiliates), which comprise the consolidating statements of financial position as of June 30, 2022 and 2021, and the related consolidating statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

In our opinion, the consolidating financial statements present fairly, in all material respects, the consolidating financial position of Housing Families Inc. and Affiliates as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HFI and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HFI and Affiliates' ability to continue as a going concern within one year after the date that the consolidating financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidating financial statements.

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidating financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HFI and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HFI and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplementary information shown on pages 28 and 29 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information shown on pages 28 and 29 is fairly stated in all material respects in relation to the consolidating financial statements as a whole.

*AAFCPA, Inc.*

Westborough, Massachusetts  
December 2, 2022

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Financial Position

June 30, 2022

(With Summarized Comparative Totals as of June 30, 2021)

Assets	2022			2021	
	Housing Families Inc.	Rental Properties (Exhibit A)	Eliminations	Total	Total
<b>Current Assets:</b>					
Cash	\$ 448,409	\$ 235,864	\$ -	\$ 684,273	\$ 643,051
Accounts and pledges receivable	1,500,374	23,709	-	1,524,083	1,175,654
Prepaid expenses and other	313,400	-	-	313,400	334,084
Due from affiliates	376,899	-	(376,899)	-	-
Total current assets	<u>2,639,082</u>	<u>259,573</u>	<u>(376,899)</u>	<u>2,521,756</u>	<u>2,152,789</u>
<b>Reserves and Deposits:</b>					
Operating reserves	-	228,749	-	228,749	228,531
Reserves for replacements	-	180,076	-	180,076	255,581
Security deposits	-	33,309	-	33,309	30,803
Total reserves and deposits	<u>-</u>	<u>442,134</u>	<u>-</u>	<u>442,134</u>	<u>514,915</u>
<b>Other Assets:</b>					
Property and equipment, net	55,044	6,550,375	(53,765)	6,551,654	6,853,752
Notes receivable from affiliate, net	1,422,516	-	(1,422,516)	-	-
Total other assets	<u>1,477,560</u>	<u>6,550,375</u>	<u>(1,476,281)</u>	<u>6,551,654</u>	<u>6,853,752</u>
Total assets	<u>\$ 4,116,642</u>	<u>\$ 7,252,082</u>	<u>\$ (1,853,180)</u>	<u>\$ 9,515,544</u>	<u>\$ 9,521,456</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current portion of long-term debt and accrued interest	\$ -	\$ 126,965	\$ -	\$ 126,965	\$ 104,855
Current portion of contingent debt	-	41,307	-	41,307	-
Current portion of capital lease obligations	16,740	-	-	16,740	16,740
Due to affiliates	-	376,899	(376,899)	-	-
Accounts payable	162,253	27,115	-	189,368	135,444
Accrued expenses	387,745	38,622	-	426,367	262,565
Total current liabilities	<u>566,738</u>	<u>610,908</u>	<u>(376,899)</u>	<u>800,747</u>	<u>519,604</u>
<b>Long-Term Liabilities:</b>					
Security deposits payable	-	33,309	-	33,309	30,803
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	-	2,144,745	-	2,144,745	2,251,011
Capital lease obligations, net of current portion	14,684	-	-	14,684	32,085
Contingent debt and deferred interest	-	6,925,363	(1,422,516)	5,502,847	5,476,170
Total long-term liabilities	<u>14,684</u>	<u>9,103,417</u>	<u>(1,422,516)</u>	<u>7,695,585</u>	<u>7,790,069</u>
Total liabilities	<u>581,422</u>	<u>9,714,325</u>	<u>(1,799,415)</u>	<u>8,496,332</u>	<u>8,309,673</u>
<b>Net Assets</b>					
<b>Without donor restrictions:</b>					
Operating	1,817,342	4,379	-	1,821,721	1,798,439
Property and equipment	23,620	(2,466,622)	1,553,623	(889,379)	(586,656)
Housing development	1,607,388	-	(1,607,388)	-	-
Total without donor restrictions	<u>3,448,350</u>	<u>(2,462,243)</u>	<u>(53,765)</u>	<u>932,342</u>	<u>1,211,783</u>
With donor restrictions	86,870	-	-	86,870	-
Total net assets	<u>3,535,220</u>	<u>(2,462,243)</u>	<u>(53,765)</u>	<u>1,019,212</u>	<u>1,211,783</u>
Total liabilities and net assets	<u>\$ 4,116,642</u>	<u>\$ 7,252,082</u>	<u>\$ (1,853,180)</u>	<u>\$ 9,515,544</u>	<u>\$ 9,521,456</u>

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

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**HOUSING FAMILIES INC. AND AFFILIATES**

 Consolidating Statement of Financial Position  
 June 30, 2021

<b>Assets</b>	<b>Housing Families Inc.</b>	<b>Rental Properties (Exhibit A)</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current Assets:</b>				
Cash	\$ 336,100	\$ 306,951	\$ -	\$ 643,051
Accounts and pledges receivable	1,158,371	17,283	-	1,175,654
Prepaid expenses and other	334,084	-	-	334,084
Due from affiliates	572,876	-	(572,876)	-
Total current assets	2,401,431	324,234	(572,876)	2,152,789
<b>Reserves and Deposits:</b>				
Operating reserves	-	228,531	-	228,531
Reserves for replacements	-	255,581	-	255,581
Security deposits	-	30,803	-	30,803
Total reserves and deposits	-	514,915	-	514,915
<b>Other Assets:</b>				
Property and equipment, net	48,104	6,861,660	(56,012)	6,853,752
Notes receivable from affiliate, net	1,422,516	-	(1,422,516)	-
Total other assets	1,470,620	6,861,660	(1,478,528)	6,853,752
Total assets	\$ 3,872,051	\$ 7,700,809	\$ (2,051,404)	\$ 9,521,456
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Current portion of long-term debt and accrued interest	\$ -	\$ 104,855	\$ -	\$ 104,855
Current portion of capital lease obligations	16,740	-	-	16,740
Current portion of due to affiliates	625	572,251	(572,876)	-
Accounts payable	104,551	30,893	-	135,444
Accrued expenses	262,487	78	-	262,565
Total current liabilities	384,403	708,077	(572,876)	519,604
<b>Long-Term Liabilities:</b>				
Security deposits payable	-	30,803	-	30,803
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	-	2,251,011	-	2,251,011
Capital lease obligations, net of current portion	32,085	-	-	32,085
Contingent debt and deferred interest	-	6,898,686	(1,422,516)	5,476,170
Total long-term liabilities	32,085	9,180,500	(1,422,516)	7,790,069
Total liabilities	416,488	9,888,577	(1,995,392)	8,309,673
<b>Net Assets:</b>				
<b>Without donor restrictions:</b>				
Operating	1,848,896	(50,457)	-	1,798,439
Property and equipment	(721)	(2,137,311)	1,551,376	(586,656)
Housing development	1,607,388	-	(1,607,388)	-
Total net assets	3,455,563	(2,187,768)	(56,012)	1,211,783
Total liabilities and net assets	\$ 3,872,051	\$ 7,700,809	\$ (2,051,404)	\$ 9,521,456

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Activities

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	<b>2022</b>			<b>2021</b>	
	<b>Housing Families Inc.</b>	<b>Rental Properties (Exhibit B)</b>	<b>Eliminations</b>	<b>Total</b>	<b>Total</b>
<b>Changes in Net Assets Without Donor Restrictions:</b>					
Operating support and revenues:					
Government contracts and grants	\$ 8,981,976	\$ -	\$ -	\$ 8,981,976	\$ 7,326,070
Grants and contributions	1,025,996	-	-	1,025,996	1,063,445
Rental income, net of vacancies	108,113	903,996	(126,120)	885,989	874,304
Donated goods and services	63,284	-	-	63,284	52,704
Management fees and other	39,715	7,287	(35,960)	11,042	2,659
Total operating support and revenues	<u>10,219,084</u>	<u>911,283</u>	<u>(162,080)</u>	<u>10,968,287</u>	<u>9,319,182</u>
Operating expenses:					
Program services	8,630,320	-	(120,639)	8,509,681	6,660,643
General and administrative	1,229,025	-	(2,131)	1,226,894	955,641
Fundraising	342,349	-	(3,350)	338,999	338,958
Rental Properties	-	806,489	(35,960)	770,529	751,782
Total operating expenses before depreciation and amortization	<u>10,201,694</u>	<u>806,489</u>	<u>(162,080)</u>	<u>10,846,103</u>	<u>8,707,024</u>
Depreciation and amortization	<u>24,603</u>	<u>311,285</u>	<u>(2,247)</u>	<u>333,641</u>	<u>338,329</u>
Total operating expenses	<u>10,226,297</u>	<u>1,117,774</u>	<u>(164,327)</u>	<u>11,179,744</u>	<u>9,045,353</u>
Changes in net assets without donor restrictions from operations	(7,213)	(206,491)	2,247	(211,457)	273,829
Non-operating activities:					
Forgiveness of debt	-	5,195	-	5,195	145,019
Deferred interest expense	-	(73,179)	-	(73,179)	(70,630)
Changes in net assets without donor restrictions	<u>(7,213)</u>	<u>(274,475)</u>	<u>2,247</u>	<u>(279,441)</u>	<u>348,218</u>
<b>Changes in Net Assets With Donor Restrictions:</b>					
Contributions	<u>86,870</u>	<u>-</u>	<u>-</u>	<u>86,870</u>	<u>-</u>
Changes in net assets	<u>\$ 79,657</u>	<u>\$ (274,475)</u>	<u>\$ 2,247</u>	<u>\$ (192,571)</u>	<u>\$ 348,218</u>

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

**HOUSING FAMILIES INC. AND AFFILIATES**

 Consolidating Statement of Activities  
 For the Year Ended June 30, 2021

	<u>Housing Families Inc.</u>	<u>Rental Properties (Exhibit B)</u>	<u>Eliminations</u>	<u>Total</u>
<b>Changes in Net Assets Without Donor Restrictions:</b>				
Operating support and revenues:				
Government contracts and grants	\$ 7,326,070	\$ -	\$ -	\$ 7,326,070
Grants and contributions	1,063,445	-	-	1,063,445
Rental income, net of vacancies	92,113	908,311	(126,120)	874,304
Donated goods and services	52,704	-	-	52,704
Management fees and other	37,331	1,288	(35,960)	2,659
	<u>8,571,663</u>	<u>909,599</u>	<u>(162,080)</u>	<u>9,319,182</u>
Operating expenses:				
Program services	6,781,282	-	(120,639)	6,660,643
General and administrative	957,772	-	(2,131)	955,641
Fundraising	342,308	-	(3,350)	338,958
Rental Properties	-	787,742	(35,960)	751,782
	<u>8,081,362</u>	<u>787,742</u>	<u>(162,080)</u>	<u>8,707,024</u>
Depreciation and amortization	27,198	313,378	(2,247)	338,329
	<u>8,108,560</u>	<u>1,101,120</u>	<u>(164,327)</u>	<u>9,045,353</u>
Changes in net assets without donor restrictions from operations	463,103	(191,521)	2,247	273,829
Non-operating activities:				
Forgiveness of debt	139,824	5,195	-	145,019
Deferred interest expense	-	(70,630)	-	(70,630)
Changes in net assets without donor restrictions	<u>\$ 602,927</u>	<u>\$ (256,956)</u>	<u>\$ 2,247</u>	<u>\$ 348,218</u>

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

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statements of Changes in Net Assets  
For the Years Ended June 30, 2022 and 2021

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	<u>Housing Families Inc.</u>	<u>Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
<b>Balance</b> , June 30, 2020	\$ 2,852,636	\$ (1,930,812)	\$ (58,259)	\$ 863,565
Changes in net assets	<u>602,927</u>	<u>(256,956)</u>	<u>2,247</u>	<u>348,218</u>
<b>Balance</b> , June 30, 2021	3,455,563	(2,187,768)	(56,012)	1,211,783
Changes in net assets	<u>79,657</u>	<u>(274,475)</u>	<u>2,247</u>	<u>(192,571)</u>
<b>Balance</b> , June 30, 2022	<u>\$ 3,535,220</u>	<u>\$ (2,462,243)</u>	<u>\$ (53,765)</u>	<u>\$ 1,019,212</u>

**HOUSING FAMILIES INC. AND AFFILIATES**

 Consolidating Statement of Cash Flows  
 For the Year Ended June 30, 2022

	<u>Housing Families Inc.</u>	<u>Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>				
Changes in net assets	\$ 79,657	\$ (274,475)	\$ 2,247	\$ (192,571)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	24,603	311,285	(2,247)	333,641
Interest - amortization of debt issuance costs	-	2,542	-	2,542
Forgiveness of debt	-	(5,195)	-	(5,195)
Deferred interest	-	73,179	-	73,179
Changes in operating assets and liabilities:				
Accounts and pledges receivable	(342,003)	(6,426)	-	(348,429)
Prepaid expenses and other	20,684	-	-	20,684
Due to/from affiliates	195,352	(195,352)	-	-
Accounts payable	57,702	(3,778)	-	53,924
Accrued expenses	125,258	38,544	-	163,802
Security deposits payable	-	2,506	-	2,506
	<u>161,253</u>	<u>(57,170)</u>	<u>-</u>	<u>104,083</u>
Net cash provided by (used in) operating activities				
	<u>161,253</u>	<u>(57,170)</u>	<u>-</u>	<u>104,083</u>
<b>Cash Flows from Investing Activities:</b>				
Purchases of property and equipment	(31,543)	-	-	(31,543)
	<u>(31,543)</u>	<u>-</u>	<u>-</u>	<u>(31,543)</u>
<b>Cash Flows from Financing Activities:</b>				
Principal payments on long-term debt	-	(86,698)	-	(86,698)
Principal payments on capital lease obligations	(17,401)	-	-	(17,401)
	<u>(17,401)</u>	<u>(86,698)</u>	<u>-</u>	<u>(104,099)</u>
Net cash used in financing activities				
	<u>(17,401)</u>	<u>(86,698)</u>	<u>-</u>	<u>(104,099)</u>
<b>Net Change in Cash and Restricted Cash</b>	<b>112,309</b>	<b>(143,868)</b>	<b>-</b>	<b>(31,559)</b>
<b>Cash and Restricted Cash:</b>				
Beginning of year	336,100	821,866	-	1,157,966
End of year	<u>\$ 448,409</u>	<u>\$ 677,998</u>	<u>\$ -</u>	<u>\$ 1,126,407</u>
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statements of Financial Position:</b>				
Cash	\$ 448,409	\$ 235,864	\$ -	\$ 684,273
Operating reserves	-	228,749	-	228,749
Reserves for replacements	-	180,076	-	180,076
Security deposits	-	33,309	-	33,309
	<u>\$ 448,409</u>	<u>\$ 677,998</u>	<u>\$ -</u>	<u>\$ 1,126,407</u>
Total cash and restricted cash				
	<u>\$ 448,409</u>	<u>\$ 677,998</u>	<u>\$ -</u>	<u>\$ 1,126,407</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>				
Cash paid for interest	\$ -	\$ 97,409	\$ -	\$ 97,409
	<u>\$ -</u>	<u>\$ 97,409</u>	<u>\$ -</u>	<u>\$ 97,409</u>

**HOUSING FAMILIES INC. AND AFFILIATES**

 Consolidating Statement of Cash Flows  
 For the Year Ended June 30, 2021

	<u>Housing Families Inc.</u>	<u>Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>				
Changes in net assets	\$ 602,927	\$ (256,956)	\$ 2,247	\$ 348,218
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	27,198	313,378	(2,247)	338,329
Interest - amortization of debt issuance costs	-	9,392	-	9,392
Forgiveness of debt	(139,824)	(5,195)	-	(145,019)
Deferred interest	-	70,630	-	70,630
Changes in operating assets and liabilities:				
Accounts and pledges receivable	(504,321)	(1,305)	-	(505,626)
Prepaid expenses and other	(245,497)	-	-	(245,497)
Due to/from affiliates	(3,864)	3,864	-	-
Accounts payable	87,104	5,831	-	92,935
Accrued expenses	48,860	(31,977)	-	16,883
Security deposits payable	-	(1,312)	-	(1,312)
Net cash provided by (used in) operating activities	<u>(127,417)</u>	<u>106,350</u>	<u>-</u>	<u>(21,067)</u>
<b>Cash Flows from Financing Activities:</b>				
Principal payments on long-term debt	-	(68,807)	-	(68,807)
Principal payments on capital lease obligations	(17,991)	-	-	(17,991)
Net cash used in financing activities	<u>(17,991)</u>	<u>(68,807)</u>	<u>-</u>	<u>(86,798)</u>
<b>Net Change in Cash and Restricted Cash</b>	(145,408)	37,543	-	(107,865)
<b>Cash and Restricted Cash:</b>				
Beginning of year	<u>481,508</u>	<u>784,323</u>	<u>-</u>	<u>1,265,831</u>
End of year	<u>\$ 336,100</u>	<u>\$ 821,866</u>	<u>\$ -</u>	<u>\$ 1,157,966</u>
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statements of Financial Position:</b>				
Cash	\$ 336,100	\$ 306,951	\$ -	\$ 643,051
Operating reserves	-	228,531	-	228,531
Reserves for replacements	-	255,581	-	255,581
Security deposits	-	30,803	-	30,803
Total cash and restricted cash	<u>\$ 336,100</u>	<u>\$ 821,866</u>	<u>\$ -</u>	<u>\$ 1,157,966</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>				
Cash paid for interest	<u>\$ 424</u>	<u>\$ 104,186</u>	<u>\$ -</u>	<u>\$ 104,610</u>

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Functional Expenses

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022							2021	
	Housing Families Inc.								
	Support Services								
	Program Services	General and Administrative	Fundraising	Total Support Services	Total	Rental Properties (Exhibit B)	Eliminations	Total	Total
<b>Personnel and Related Costs:</b>									
Salaries	\$ 2,516,962	\$ 400,424	\$ 197,752	\$ 598,176	\$ 3,115,138	\$ 104,969	\$ -	\$ 3,220,107	\$ 2,380,920
Payroll taxes and benefits	421,143	48,528	36,036	84,564	505,707	-	-	505,707	396,653
Contract labor	10,150	406,277	550	406,827	416,977	-	-	416,977	334,850
Total personnel and related costs	2,948,255	855,229	234,338	1,089,567	4,037,822	104,969	-	4,142,791	3,112,423
<b>Occupancy:</b>									
Rent	4,335,132	10,070	24,868	34,938	4,370,070	-	(126,120)	4,243,950	3,738,793
Repairs and maintenance	241,227	19,843	-	19,843	261,070	209,739	-	470,809	343,494
Utilities	147,066	-	-	-	147,066	204,779	-	351,845	306,004
Taxes and insurance	41,339	-	-	-	41,339	121,374	-	162,713	140,675
Interest	-	-	-	-	-	97,409	-	97,409	104,186
Total occupancy	4,764,764	29,913	24,868	54,781	4,819,545	633,301	(126,120)	5,326,726	4,633,152
<b>Other:</b>									
Professional fees	182,082	200,296	14,394	214,690	396,772	3,922	-	400,694	207,006
Direct client assistance	285,727	-	-	-	285,727	-	-	285,727	187,200
Non-capital equipment	134,303	44,732	10,047	54,779	189,082	-	-	189,082	164,108
Office supplies and equipment	78,473	37,388	46,184	83,572	162,045	24,771	-	186,816	178,462
Telephone	55,151	12,533	5,327	17,860	73,011	-	-	73,011	62,978
Miscellaneous	52,308	13,576	4,970	18,546	70,854	1,024	-	71,878	31,058
Donated goods and services	47,284	16,000	-	16,000	63,284	-	-	63,284	52,704
Training, travel and meals	41,287	4,119	1,176	5,295	46,582	-	-	46,582	9,802
Vehicle costs	36,742	145	-	145	36,887	-	-	36,887	35,215
Insurance	3,944	15,094	1,045	16,139	20,083	-	-	20,083	23,100
Interest - amortization of debt issuance costs	-	-	-	-	-	2,542	-	2,542	9,392
Interest	-	-	-	-	-	-	-	-	424
Management fees	-	-	-	-	-	35,960	(35,960)	-	-
Total other	917,301	343,883	83,143	427,026	1,344,327	68,219	(35,960)	1,376,586	961,449
Total expenses before depreciation and amortization	8,630,320	1,229,025	342,349	1,571,374	10,201,694	806,489	(162,080)	10,846,103	8,707,024
<b>Depreciation and Amortization</b>	20,252	4,351	-	4,351	24,603	311,285	(2,247)	333,641	338,329
Total expenses	\$ 8,650,572	\$ 1,233,376	\$ 342,349	\$ 1,575,725	\$ 10,226,297	\$ 1,117,774	\$ (164,327)	\$ 11,179,744	\$ 9,045,353

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

**HOUSING FAMILIES INC. AND AFFILIATES**

 Consolidating Statement of Functional Expenses  
 For the Year Ended June 30, 2021

	Housing Families Inc.				Rental Properties (Exhibit B)	Eliminations	Total	
	Support Services			Total				
	Program Services	General and Adminis- trative	Fundraising					Total Support Services
<b>Personnel and Related Costs:</b>								
Salaries	\$ 1,810,459	\$ 222,510	\$ 210,878	\$ 433,388	\$ 2,243,847	\$ 137,073	\$ -	\$ 2,380,920
Payroll taxes and benefits	320,057	41,983	34,613	76,596	396,653	-	-	396,653
Contract labor	5,327	328,024	1,499	329,523	334,850	-	-	334,850
<b>Total personnel and related costs</b>	<b>2,135,843</b>	<b>592,517</b>	<b>246,990</b>	<b>839,507</b>	<b>2,975,350</b>	<b>137,073</b>	<b>-</b>	<b>3,112,423</b>
<b>Occupancy:</b>								
Rent	3,802,794	39,164	22,955	62,119	3,864,913	-	(126,120)	3,738,793
Repairs and maintenance	127,971	22,096	-	22,096	150,067	193,427	-	343,494
Utilities	132,170	250	-	250	132,420	173,584	-	306,004
Taxes and insurance	28,922	10,444	803	11,247	40,169	100,506	-	140,675
Interest	-	-	-	-	-	104,186	-	104,186
<b>Total occupancy</b>	<b>4,091,857</b>	<b>71,954</b>	<b>23,758</b>	<b>95,712</b>	<b>4,187,569</b>	<b>571,703</b>	<b>(126,120)</b>	<b>4,633,152</b>
<b>Other:</b>								
Professional fees	60,345	138,954	2,228	141,182	201,527	5,479	-	207,006
Direct client assistance	177,473	7,935	1,792	9,727	187,200	-	-	187,200
Non-capital equipment	114,249	37,294	12,565	49,859	164,108	-	-	164,108
Office supplies and equipment	76,552	30,302	49,170	79,472	156,024	22,438	-	178,462
Telephone	49,291	9,754	3,933	13,687	62,978	-	-	62,978
Miscellaneous	13,867	9,864	1,630	11,494	25,361	5,697	-	31,058
Donated goods and services	-	52,704	-	52,704	52,704	-	-	52,704
Training, travel and meals	9,802	-	-	-	9,802	-	-	9,802
Vehicle costs	35,215	-	-	-	35,215	-	-	35,215
Insurance	16,664	6,194	242	6,436	23,100	-	-	23,100
Interest - amortization of debt issuance costs	-	-	-	-	-	9,392	-	9,392
Interest	124	300	-	300	424	-	-	424
Management fees	-	-	-	-	-	35,960	(35,960)	-
<b>Total other</b>	<b>553,582</b>	<b>293,301</b>	<b>71,560</b>	<b>364,861</b>	<b>918,443</b>	<b>78,966</b>	<b>(35,960)</b>	<b>961,449</b>
<b>Total expenses before depreciation and amortization</b>	<b>6,781,282</b>	<b>957,772</b>	<b>342,308</b>	<b>1,300,080</b>	<b>8,081,362</b>	<b>787,742</b>	<b>(162,080)</b>	<b>8,707,024</b>
<b>Depreciation and Amortization</b>	<b>22,847</b>	<b>4,351</b>	<b>-</b>	<b>4,351</b>	<b>27,198</b>	<b>313,378</b>	<b>(2,247)</b>	<b>338,329</b>
<b>Total expenses</b>	<b>\$ 6,804,129</b>	<b>\$ 962,123</b>	<b>\$ 342,308</b>	<b>\$ 1,304,431</b>	<b>\$ 8,108,560</b>	<b>\$ 1,101,120</b>	<b>\$ (164,327)</b>	<b>\$ 9,045,353</b>

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

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 1. OPERATIONS AND NONPROFIT STATUS

Housing Families Inc. (HFI) was founded in 1986 by community members concerned about the growing crisis of homelessness among families in the cities of Everett, Malden and Medford, Massachusetts. HFI has grown into one of the largest providers of family housing in Massachusetts. Over 5,000 families have been helped since HFI first opened its doors.

HFI works to end family homelessness in the communities it serves by providing safe, temporary shelter, creating affordable housing, and offering individualized supportive services to family members of all ages. HFI respects each family in its journey toward greater security and stability.

HFI develops new programs and projects in response to the emerging needs of homeless families. The Board of Directors, staff and volunteers are dedicated to raising awareness of homelessness and poverty, and helping families to move into, retain and sustain permanent housing.

HFI 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). HFI is also exempt from state income taxes. Donors may deduct contributions made to HFI within IRC requirements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### Principles of Consolidation

The consolidating financial statements include the accounts of HFI and its Affiliates: Cross Street Realty, Inc., HFI Properties, Inc., Malden Medford Homes LLC, and Cross Street Housing Limited Partnership, a controlled limited partnership (CSLP) (collectively, HFI and Affiliates) (see Note 3). All significant intercompany transactions have been eliminated.

#### Recently Adopted Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU did not change the recognition and measurement requirements of in-kind goods and services.

In fiscal year 2022, HFI and Affiliates adopted ASU 2020-07. The adoption of this ASU did not impact HFI and Affiliates' net asset classes, results of operations, or cash flows for the year ended June 30, 2022. This ASU has been applied retrospectively to all periods presented.

#### Estimates

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

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and Restricted Cash

For the purpose of the consolidating statements of cash flows, management considers all cash and highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash. Cash also includes reserves and deposits (see Note 10).

#### Revenue Recognition

In accordance with ASC Topic 958, *Not-for-Profit Entities*, HFI and Affiliates must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 14). Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that HFI and Affiliates should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

A portion of HFI and Affiliates' revenue is derived from cost-reimbursable and unit-rate government contracts and grants (contracts revenue), which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when HFI and Affiliates have incurred expenditures in compliance with specific contract or grant provisions. These contracts and grants are considered nonreciprocal transactions because HFI and Affiliates' community and customers receive the benefit as a result of the assets transferred.

Grants and contributions without donor restrictions are recorded as revenue when unconditionally received or pledged. Revenues from donor restricted grants and contributions are recorded as revenue and net assets with donor restrictions when HFI and Affiliates receive a commitment. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating financial statements as net assets released from restrictions as costs are incurred or time or program restrictions have lapsed. Donor restricted grants and pledges whose restrictions are met in the year they are received or pledged are recorded as net assets without donor restrictions.

Rental income is recorded monthly as earned. All other revenues are recorded as earned.

#### Fair Value Measurements

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

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

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

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

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

#### Description of Net Assets

**Net assets without donor restrictions** are those net resources that bear no external restrictions and are generally available for use by HFI and Affiliates. HFI and Affiliates have grouped their net assets without donor restrictions into the following categories:

**Operating** - consists of amounts relating to program and other operating activities and are currently available for operations.

**Property and equipment** - reflect the net book value of HFI and Affiliates' property and equipment and reserves for replacements, net of related debt.

**Housing development** - represents funds for HFI's development related activities (see Note 3).

**Net assets with donor restrictions** are those unexpended financial resources that are restricted by donors as to purpose or timing of expenditure. Net assets with donor restrictions as of June 30, 2022, are purpose restricted. There were no assets with donor restrictions as of June 30, 2021.

#### Pledges Receivable

Pledges receivable are recorded at their net present value when unconditionally committed.

#### Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. There was no allowance for doubtful accounts as of June 30, 2022 and 2021.

#### Property, Equipment and Depreciation

Property and equipment are capitalized at cost when purchased or at fair value at the date of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 40 years
Furniture and equipment	3 - 10 years
Vehicles	5 years

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Debt Issuance Costs

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

#### Security Deposits

Security deposits consist of tenant deposits collected upon move-in. Interest is paid annually to the tenants based on the current interest rate of the bank where the deposits are held.

#### Donated Goods and Services

HFI recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. HFI receives donated goods and services from various organizations for use in its programs. These goods and services are reflected in the accompanying consolidating financial statements at fair value, determined by management, as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Program supplies	\$ 47,284	\$ -
Contracted services	<u>16,000</u>	<u>52,704</u>
	<u>\$ 63,284</u>	<u>\$ 52,704</u>

Donated contracted services included in management and general are valued at the standard hourly rates charged for those services. Donated program supplies are valued at the cost of the supplies donated.

HFI receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying consolidating financial statements, since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the criteria for recognition of U.S. GAAP.

#### Expense Allocation

The consolidating financial statements present expenses by functional classification in accordance with the overall mission of HFI and Affiliates. Each functional classification displays all expenses related to the underlying operations by natural classification. Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and payroll taxes and fringe benefits, which are allocated on the basis of time and effort; certain rent expense, which is allocated based on square footage; repairs and maintenance, which are allocated based on the number of units; and depreciation and amortization, which are allocated based on usage studies conducted annually.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenues and operating expenses in the accompanying consolidating statements of activities. Peripheral or incidental transactions are recorded as non-operating activities.

#### Advertising

Advertising costs are expensed as incurred.

#### Contingent Debt

HFI and Affiliates have contingent loans from various organizations to assist in the development of housing and other projects (see Note 7). These loans generally are not required to be repaid unless the project fails to maintain its status as low-income housing or HFI and Affiliates fail to comply with other conditions. It is the intention of the Board of Directors and management to maintain these properties as low-income housing and to meet other conditions. Therefore, these loans have been classified as contingent debt in the accompanying consolidating statements of financial position.

#### Income Taxes

HFI and Affiliates account for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. HFI and Affiliates have determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at June 30, 2022 and 2021. HFI and Affiliates' information and tax returns are subject to examination by Federal and state jurisdictions.

As described on page 11, HFI is exempt from income taxes under Section 501(c)(3) of the IRC. Cross Street Realty, Inc. and HFI Properties, Inc. are for-profit corporations. At June 30, 2022 and 2021, Cross Street Realty, Inc. and HFI Properties, Inc. had, for Federal income tax purposes, net operating loss carryforwards of approximately \$1,056,000 and \$922,000, respectively, available to offset future taxable income. Cross Street Realty, Inc. and HFI Properties, Inc. had, for state income tax purposes, net operating loss carryforwards of approximately \$1,045,000 and \$911,000 available to offset future taxable income as of June 30, 2022 and 2021, respectively.

Cross Street Realty, Inc. and HFI Properties, Inc. account for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard does not have a material effect on the consolidating financial statements as of June 30, 2022 and 2021, since the tax benefit of the net operating loss carryforwards have been fully reserved.

Cross Street Housing Limited Partnership (CSLP) accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. No income tax provision has been included in the accompanying consolidating financial statements as the income, loss and credits of CSLP are reported by the partners on their respective income tax returns.

#### Subsequent Events

Subsequent events have been evaluated through December 2, 2022, which is the date the consolidating financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the consolidating financial statements.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 3. RELATED PARTY TRANSACTIONS

HFI is presented on the consolidated basis and includes the following entity:

**Cross Street Realty, Inc.** (the General Partner) is a Massachusetts corporation, 79% owned by HFI. The General Partner holds a .01% ownership interest in CSLP.

#### Consolidating Entities

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

**HFI Properties, Inc.** (HFI Properties) is a Massachusetts corporation formed in August 2010. HFI Properties' purpose is to hold title to real property for the benefit of HFI. HFI owns 100% of HFI Properties' common stock.

**Malden Medford Homes LLC** (MM Homes) is a single-member limited liability company formed in January 2011, with HFI Properties as its sole member. MM Homes was formed to acquire, develop and operate certain properties in Malden and Medford, Massachusetts. MM Homes has elected to be treated as a disregarded entity for tax purposes.

**Cross Street Housing Limited Partnership** is a Massachusetts limited partnership. CSLP owns and operates a building located in Malden, Massachusetts consisting of nineteen units of low-income housing, one rent-free unit, and one commercial space, which is rented to HFI (the Project). HFI holds a 99.99% interest in the capital, income, losses, and cash flow of CSLP.

Transactions between HFI and the entities described above are as follows:

The Project was developed by HFI. HFI has an agreement with CSLP to receive a development fee for various services rendered in connection with the development of the Project. These fees are payable from development financing, cash flow or from the proceeds of sale or refinancing. The Project did not make any development fee payments to HFI during fiscal years 2022 and 2021. The unpaid development and overhead fee reimbursements were \$184,872 as of June 30, 2022 and 2021, and are included in due to/from affiliate in the accompanying consolidating statements of financial position (see below). This note is secured by a third mortgage on the property.

HFI provides management services and staff to CSLP, MM Homes and HFI Properties. Management fees billed for the years ended June 30, 2022 and 2021, consisted of the following:

CSLP	\$ 19,463
MM Homes	10,776
HFI Properties	<u>5,721</u>
	<u>\$ 35,960</u>

Management fees are included in management fees and other in the accompanying consolidating statements of activities, and management fee expense in the accompanying consolidating statements of functional expenses.

CSLP has granted a continuing right of first refusal to HFI to purchase the property in the event that CSLP proposes to sell, transfer, assign, or lease the property. HFI would be required to continue to maintain the property as low-income housing under this agreement.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidating Entities (Continued)

Amounts due to HFI from its affiliates for management fees, general advances and the unpaid development and overhead fee reimbursements (see page 16) due from CSLP, are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Due from CSLP	\$ 319,310	\$ 417,759
Due from HFI Properties	34,128	6,063
Due from MM Homes	<u>23,461</u>	<u>149,054</u>
	<u>\$ 376,899</u>	<u>\$ 572,876</u>

At June 30, 2022 and 2021, there was \$29,740 and \$36,302, respectively, due from HFI Properties to MM Homes for subsidy rental receipts received from HFI Properties on behalf of MM Homes. At June 30, 2022 and 2021, there was \$48,962 and \$30,739, respectively, due from CSLP to MM Homes for an operating advance. At June 30, 2022 and 2021, there was \$5,642 and \$1,809, respectively, due from HFI Properties to CSLP for an operating advance.

HFI has a 5.375% note receivable from CSLP of which \$805,583 has been advanced at June 30, 2022 and 2021. Principal and interest are due annually if certain cash flow, as defined in the agreement, is achieved. There were no payments due for fiscal years 2022 and 2021. Interest compounds annually. All unpaid principal and deferred interest are due in full on July 23, 2023. For fiscal years 2022 and 2021, deferred interest expense on this loan was \$104,694 and \$99,354, respectively. This note is secured by a third mortgage on CSLP's property. During fiscal years 2022 and 2021, HFI forgave the deferred interest portion that was earned during those years and, therefore, the deferred interest expense and the forgiveness of such interest have been netted in the accompanying consolidating statements of activities.

CSLP has a tenant-at-will lease agreement with HFI to rent its commercial space to HFI at \$2,500 per month. HFI is also responsible for its proportionate share of utilities and real estate taxes. Rent was \$30,000 for fiscal years 2022 and 2021.

The sponsor loan, development fee, development overhead, and interest receivable on sponsor loan amounts are expected to be repaid when the Project is sold or refinanced.

MM Homes has a lease agreement with HFI to rent program space to HFI. This agreement renews annually, subject to HFI receiving future state contract funding to operate the program. Rent expense under this agreement was \$96,120 for fiscal years 2022 and 2021.

Notes receivable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Interest receivable on sponsor loan	\$ 1,246,187	\$ 1,141,493
Sponsor loan receivable	<u>805,583</u>	<u>805,583</u>
Total notes receivable	2,051,770	1,947,076
Less - reserve on uncollectable amounts	<u>629,254</u>	<u>524,560</u>
Notes receivable, net	<u>\$ 1,422,516</u>	<u>\$ 1,422,516</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidating Entities (Continued)

HFI has a \$200,000 line of credit agreement (see Note 6) with a bank where one of HFI's Board of Directors was an employee of the bank during fiscal years 2022 and 2021.

A member of HFI's Board of Directors provided \$55,000 of marketing services for HFI for the year ended June 30, 2022.

The Board members refrain from discussions on matters relating to these transactions.

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

<u>2022</u>	<u>HFI</u>	<u>Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
Land	\$ -	\$ 1,285,700	\$ -	\$ 1,285,700
Buildings and improvements	-	9,702,169	(525,764)	9,176,405
Furniture and equipment	298,922	112,086	-	411,008
Vehicles	95,520	-	-	95,520
Total cost	394,442	11,099,955	(525,764)	10,968,633
Less - accumulated depreciation	<u>339,398</u>	<u>4,549,580</u>	<u>(471,999)</u>	<u>4,416,979</u>
	<u>\$ 55,044</u>	<u>\$ 6,550,375</u>	<u>\$ (53,765)</u>	<u>\$ 6,551,654</u>
<u>2021</u>	<u>HFI</u>	<u>Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
Land	\$ -	\$ 1,285,700	\$ -	\$ 1,285,700
Buildings and improvements	-	9,702,169	(525,764)	9,176,405
Furniture and equipment	267,379	112,086	-	379,465
Vehicles	95,520	-	-	95,520
Total cost	362,899	11,099,955	(525,764)	10,937,090
Less - accumulated depreciation	<u>314,795</u>	<u>4,238,295</u>	<u>(469,752)</u>	<u>4,083,338</u>
	<u>\$ 48,104</u>	<u>\$ 6,861,660</u>	<u>\$ (56,012)</u>	<u>\$ 6,853,752</u>

Depreciation expense during fiscal years 2022 and 2021 was \$333,641 and \$338,329, respectively. Substantially all property and equipment are pledged as collateral on long-term and contingent debt (see Notes 5 and 7).

HFI accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Property, Plant and Equipment*. As of June 30, 2022 and 2021, HFI has not recognized any reduction in the carrying value of its property and equipment under these standards.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 4. PROPERTY AND EQUIPMENT (Continued)

HFI currently has equipment and vehicles under various capital lease agreements with a total cost of \$87,885 as of June 30, 2022 and 2021 (see Note 9). Depreciation expense for fiscal years 2022 and 2021 for assets under capital lease was \$17,577. As of June 30, 2022 and 2021, accumulated depreciation was \$58,590 and \$41,013, respectively, on these assets.

### 5. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
<b>HFI Properties</b>		
Non-interest bearing note payable to Malden Redevelopment Authority (MRA). Payments are due annually based on 25% of net cash flow of the property, as defined in the agreement. Based on this calculation, there was a payment of \$1,132 due at June 30, 2021, which was made during fiscal year 2022. There was no payment due at June 30, 2022, based on the net cash flow of the property. The note matures in November 2042, and is secured by a first mortgage on property located in Revere, Massachusetts.	\$ 533,848	\$ 534,980
Note payable to a bank with an interest rate equal to the Five-Year Federal Home Loan Classic Advance Rate, plus 2.75%, but never less than 5.75%, due in monthly principal and interest payments of \$2,359 using a twenty-five-year amortization schedule. This note matures in March 2027 bearing interest at a fixed rate of 4.375%, with monthly principal and interest payments of \$5,501 through maturity. This note is secured by a shared second mortgage on property located in Revere, Massachusetts.	<u>281,141</u>	<u>302,764</u>
Total HFI Properties	<u>814,989</u>	<u>837,744</u>
<b>MM Homes</b>		
2% note payable to MRA, due in quarterly principal and interest payments of \$1,158. The note matures in April 2027 and is secured by a shared first mortgage on property located in Malden, Massachusetts.	21,202	25,354
2% note payable to MRA, due in quarterly principal and interest payments of \$731. The note matured in November 2022 and is secured by a shared first mortgage on property located in Malden, Massachusetts.	<u>2,948</u>	<u>5,767</u>
Total MM Homes	<u>24,150</u>	<u>31,121</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 5. LONG-TERM DEBT (Continued)

	<u>2022</u>	<u>2021</u>
<b>CSLP</b>		
7% note payable to a bank, due in monthly principal and interest payments of \$8,786 using a thirty-year amortization schedule. There is a balloon payment of approximately \$760,000 due on June 15, 2025. This note is secured by a first mortgage on the property.	892,600	936,004
4.17% note payable to MRA. CSLP makes monthly principal and interest payments of \$2,686, with interest at 3%. The difference between the interest rate of 4.17% and the monthly payments using the 3% rate is deferred and is due at maturity (see Note 7). This note matures in July 2046 and is secured by a shared second mortgage on the property.	<u>549,443</u>	<u>563,011</u>
Total CSLP	<u>1,442,043</u>	<u>1,499,015</u>
Total long-term debt	2,281,182	2,367,880
Plus - accrued interest to a bank	4,006	4,006
Less - current portion	126,965	104,855
Less - unamortized debt issuance costs	<u>13,478</u>	<u>16,020</u>
Total long-term debt, net of current portion	<u>\$ 2,144,745</u>	<u>\$ 2,251,011</u>

Debt issuance costs related to the various notes payable totaling \$38,123 are shown net of accumulated imputed interest of \$24,645 and \$22,103 as of June 30, 2022 and 2021, respectively. Net debt issuance costs are reported on the consolidating statements of financial position as a direct reduction of the face amount of the related long-term debt. Amortization of debt issuance costs was \$2,542 and \$9,392 for the years ended June 30, 2022 and 2021, respectively.

Aggregate maturities of long-term debt and accrued interest and amortization of debt issuance costs relating to long-term debt over the next five years are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Amortization of Debt Issuance Costs</u>
2023	\$ 126,965	\$ 2,542
2024	\$ 125,256	\$ 2,542
2025	\$ 882,798	\$ 2,542
2026	\$ 84,587	\$ 2,542
2027	\$ 63,441	\$ 2,542

The mortgage notes payable contain various covenants and restrictions on HFI and Affiliates as described in the agreements. HFI and Affiliates were in compliance with these covenants and restrictions as of June 30, 2022.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 6. NOTES PAYABLE TO A BANK

HFI has a line of credit agreement with a bank, which has maximum allowed borrowings up to \$200,000. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's base lending rate, plus 0.5% (5.25% and 3.75% at June 30, 2022 and 2021, respectively). Borrowings on the line of credit are secured by a security interest in all business assets. The line of credit renews annually on December 31<sup>st</sup> at the discretion of the bank. There was no outstanding balance on the line of credit at June 30, 2022 and 2021.

HFI is subject to certain covenants as described in the agreements. HFI was in compliance with these covenants as of June 30, 2022.

### 7. CONTINGENT DEBT AND DEFERRED INTEREST

Contingent debt consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
<b>HFI Properties</b>		
Non-interest bearing note payable to the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD). All outstanding principal is due in September 2025, and is secured by a shared second mortgage on property in Revere, Massachusetts.	\$ 535,000	\$ 535,000
Non-interest bearing note payable with the City of Revere. All outstanding principal is due on demand if there is a default under the loan agreement or the property is sold or transferred. The note is secured by a shared second mortgage on property in Revere, Massachusetts.	40,000	40,000
Non-interest bearing note payable with the City of Peabody. All outstanding principal is due on demand if there is a default under the loan agreement or the property is transferred. Commencing in fiscal year 2016, and every year thereafter through fiscal year 2025, a portion of the outstanding principal balance will be forgiven, as defined in the agreement. Accordingly, \$5,195 was forgiven during fiscal years 2022 and 2021. The note is secured by a shared second mortgage on property in Revere, Massachusetts.	<u>15,585</u>	<u>20,780</u>
Total contingent debt - HFI Properties	<u>590,585</u>	<u>595,780</u>
<b>MM Homes</b>		
Non-interest bearing note payable to MRA. Payments of 25% of net cash flow, as defined in the agreement, are due annually each December. Based on this calculation, there was \$10,590 due at June 30, 2022. Based on this calculation, there were no payments due at June 30, 2021. The note matures in August 2041, and is secured by a shared first mortgage on property located in Malden and Medford, Massachusetts.	847,459	847,459

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 7. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

	<u>2022</u>	<u>2021</u>
<b>MM Homes (Continued)</b>		
Non-interest bearing note payable with DHCD under its Affordable Housing Trust Fund program. All outstanding principal is due in August 2042. The note is secured by a shared first mortgage on property in Malden and Medford, Massachusetts.	750,000	750,000
Non-interest bearing note payable with DHCD under its Non-Federal Investment Trust Fund program with a maximum outstanding amount of \$750,000. All outstanding principal is due in August 2042. The note is secured by a shared first mortgage on property in Malden and Medford, Massachusetts.	743,108	743,108
Non-interest bearing note payable with Community Economic Development Assistance Corporation (CEDAC) through its Housing Innovations Fund (HIF) program. The note stipulates that payments of principal be made before the maturity date, if gross receipts exceed 105% of cash expenditures, as defined in the agreement. Based on this calculation, there is a payment of \$10,239 due at June 30, 2022. Based on this calculation, there were no payments due at June 30, 2021. The note matures in August 2042, and is secured by a shared first mortgage on property in Malden and Medford, Massachusetts.	179,988	179,988
Non-interest bearing note payable with CEDAC through its HIF program. The note stipulates that payments of principal be made before the maturity date, if gross receipts exceed 105% of cash expenditures, as defined in the agreement. Based on this calculation, there is a payment of \$10,239 due at June 30, 2022. Based on this calculation, there were no payments due at June 30, 2021. The note matures in February 2028, and is secured by a shared first mortgage on property in Medford, Massachusetts.	70,230	70,230
Non-interest bearing note payable with CEDAC through its HIF program. The note stipulates that payments of principal be made before the maturity date, if gross receipts exceed 105% of cash expenditures, as defined in the agreement. Based on this calculation, there is a payment of \$10,239 due at June 30, 2022. Based on this calculation, there were no payments due at June 30, 2021. All unpaid principal is due in July 2030. The note is secured by a shared first mortgage on the property in Malden, Massachusetts.	<u>46,820</u>	<u>46,820</u>
Total contingent debt - MM Homes	<u>2,637,605</u>	<u>2,637,605</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

### 7. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

<b>CSLP</b>	<u><b>2022</b></u>	<u><b>2021</b></u>
5.375% note payable to HFI, with interest compounded annually through June 30, 2015. Principal and interest are due annually if certain cash flow, as defined in the agreement, is achieved. There were no payments due for fiscal years 2022 and 2021. During fiscal years 2022 and 2021, HFI forgave the fiscal year 2022 and 2021 portions of deferred interest on this note. All unpaid principal and accrued interest are due in full in July 2023. This note is secured by a third mortgage on the property.	805,583	805,583
4.17% note payable to DHCD, with interest compounded annually. All unpaid principal and deferred interest are due in full in August 2033. This note is secured by a shared second mortgage on the property.	750,000	750,000
Non-interest bearing note payable to CEDAC. All principal is due on December 31, 2033. Payments are due on February 15 <sup>th</sup> of each year, if gross cash receipts for the year exceed 105% of gross cash expenditures for the year, as defined in the agreement. There were no payments due as of June 30, 2022 and 2021. This note is secured by a shared second mortgage on the property.	<u>500,000</u>	<u>500,000</u>
Total contingent debt - CSLP	2,055,583	2,055,583
Plus - deferred interest (see below)	<u>1,682,897</u>	<u>1,609,718</u>
Total contingent debt and deferred interest - CSLP	<u>3,738,480</u>	<u>3,665,301</u>
Total contingent debt and deferred interest	6,966,670	6,898,686
Less - current portion of contingent debt	41,307	-
Less - elimination	<u>1,422,516</u>	<u>1,422,516</u>
	<u>\$ 5,502,847</u>	<u>\$ 5,476,170</u>

Deferred interest consists of the following as of June 30:

	<u><b>2022</b></u>	<u><b>2021</b></u>
DHCD note (see above)	\$ 835,891	\$ 772,058
Related party note, net (see above and page 17)	616,933	616,933
MRA note (see page 21)	<u>230,073</u>	<u>220,727</u>
	<u>\$ 1,682,897</u>	<u>\$ 1,609,718</u>

CEDAC, DHCD and MRA may extend the maturity dates of the notes on pages 21, 22 and above for an additional forty years, if the property continues to be used for low-income housing.

The contingent debt agreements contain various covenants and restrictions on HFI and Affiliates as described in the agreements. HFI and Affiliates were in compliance with these covenants at June 30, 2022.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 8. PAYCHECK PROTECTION PROGRAM LOAN

During fiscal year 2020, HFI applied for and was awarded a forgivable loan of \$139,824 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits as well as rent and utilities during an eight-week period (the covered period) as defined in the CARES Act. In January 2021, the PPP loan plus accrued interest were forgiven in full and are reflected as forgiveness of debt in the accompanying fiscal year 2021 consolidating statement of activities.

### 9. COMMITMENTS

#### Facility Leases

HFI leases administration and program facilities under various operating leases expiring through March 2026. Program facility leases are renewable annually. Rent expense under these leases was approximately \$4,226,000 and \$3,062,000 for the years ended June 30, 2022 and 2021, respectively.

#### Vehicle Lease

HFI leases two vehicles under operating leases expiring through June 2024. Expenses under these leases was \$16,696 and \$15,863 for the years ended June 30, 2022 and 2021, respectively, which is included in vehicle costs in the accompanying consolidating statements of functional expenses.

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Facility Leases</u>	<u>Vehicle Leases</u>
2023	\$ 1,292,521	\$ 16,053
2024	201,320	9,693
2025	170,226	-
2026	<u>129,573</u>	<u>-</u>
Total future minimum payments	<u>\$ 1,793,640</u>	<u>\$ 25,746</u>

#### Equipment Leases

HFI leases certain equipment (see Note 4) under various capital lease agreements through May 2024. The interest rate under these agreements was 2.1% during fiscal years 2022 and 2021.

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Capital Leases</u>
2023	\$ 17,209
2024	<u>15,113</u>
Total future minimum payments	32,322
Less - amounts representing interest	<u>898</u>
Present value of future minimum lease payments	31,424
Less - current portion	<u>16,740</u>
Long-term portion	<u>\$ 14,684</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 10. RESERVES AND DEPOSITS

#### Reserves for Replacements

CSLP was required to establish and fund a reserve for replacements. The reserve for replacements was to be used to fund capital improvements. There are no requirements to make additional deposits to the account. There was no withdrawal from the account during fiscal years 2022 and 2021.

HFI Properties was required to establish and fund a reserve for replacements. The reserve for replacements is to be used to fund capital improvements. HFI Properties is required to deposit \$500 per unit annually into the reserve for replacements account. HFI Properties must receive approval for any withdrawals in excess of \$2,000 from the reserve for replacements account. As of June 30, 2022 and 2021, this account was adequately funded.

MM Homes has established a reserve for replacement. MM Homes is not required to maintain a minimum balance and any deposits or withdrawals from this account are at the discretion of management. During fiscal year 2022, MM Homes withdrew \$100,000 to repay the amount owed to HFI for development advances.

#### Operating Reserves

CSLP was also required to establish and fund an operating reserve. The operating reserve was to be used to fund operating deficits, if any. CSLP was required to deposit the lesser of 2% of project expenses or net cash flow annually into the operating reserve until the operating reserve reaches a balance equal to 50% of project expenses, as defined in CSLP agreement. No amounts were withdrawn during fiscal years 2022 and 2021.

HFI Properties was also required to establish and fund an operating reserve. The operating reserve is to be used to fund operating deficits, if any. HFI Properties is required to deposit an amount sufficient to maintain a balance equal to 25% of the annual operating budget (approximately \$28,000 and \$30,000 as of June 30, 2022 and 2021, respectively). This account was adequately funded as of June 30, 2022 and 2021.

The following is a summary of the reserves with deposits and withdrawals for fiscal years 2022 and 2021:

	<b>2022</b>			
	<b>Beginning Balance July 1, 2021</b>	<b>Additions and Interest</b>	<b>With- drawals and Transfers</b>	<b>Ending Balance June 30, 2022</b>
Operating reserve	<u>\$ 228,531</u>	<u>\$ 218</u>	<u>\$ -</u>	<u>\$ 228,749</u>
Reserve for replacements	<u>\$ 255,581</u>	<u>\$ 24,495</u>	<u>\$ 100,000</u>	<u>\$ 180,076</u>
Security deposits	<u>\$ 30,803</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>\$ 33,309</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 10. RESERVES AND DEPOSITS (Continued)

#### Operating Reserves (Continued)

	2021			
	Beginning Balance July 1, 2020	Additions and Interest	With- drawals and Transfers	Ending Balance June 30, 2021
Operating reserve	\$ 255,656	\$ 348	\$ 27,473	\$ 228,531
Reserve for replacements	\$ 206,406	\$ 49,175	\$ -	\$ 255,581
Security deposits	\$ 32,115	\$ -	\$ 1,312	\$ 30,803

### 11. FUNDING

HFI and Affiliates receive a significant portion of their total operating support and revenues without donor restrictions (approximately 70% and 69% during fiscal years 2022 and 2021, respectively) from two funding sources under unit-rate and cost-reimbursable contracts. These reimbursements are subject to audit by the funding sources. In the opinion of management, the results of such audits, if any, will not have a material effect on the consolidating financial position of HFI and Affiliates as of June 30, 2022 and 2021, or on the changes in their net assets for the years then ended.

CSLP receives significant rental subsidies from the Malden Housing Authority (MHA) for qualified tenants. MHA has committed to provide subsidies through May 2030. MHA provided \$355,889 and \$382,343 in rental subsidies and vacancy reimbursements to CSLP during the years ended June 30, 2022 and 2021, respectively.

HFI Properties and MM Homes also receive significant rental subsidies from MHA and the Metro Boston Housing Partnership (MBHP) for qualified tenants. MHA and MBHP have committed to provide subsidies to HFI Properties and MM Homes through January 2025 and March 2023, respectively. Collectively, MHA and MBHP provided \$177,696 and \$210,858 in rental subsidies to HFI Properties and MM Homes during the years ended June 30, 2022 and 2021, respectively.

Approximately 65% and 73% of HFI's accounts and pledges receivable were due from two sources as of June 30, 2022 and 2021, respectively.

### 12. PENSION PLAN

HFI and Affiliates has a voluntary defined contribution retirement plan in accordance with IRC Section 403(b). Employees may withhold contributions from their salaries on a tax-deferred basis within IRC limits. All employees are eligible for the plan. HFI and Affiliates can make discretionary matching contributions capping at \$1,000 per pay period. HFI and Affiliates made a matching contribution of \$20,084 and \$30,265 in fiscal years 2022 and 2021, respectively, which is included in payroll taxes and benefits in the accompanying consolidating statements of functional expense.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2022 and 2021

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### 13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

HFI and Affiliates' financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year from the consolidating statements of financial position date, comprise the following at June 30:

	<u>2022</u>		<u>2021</u>	
	<u>Housing Families Inc.</u>	<u>Rental Properties</u>	<u>Housing Families Inc.</u>	<u>Rental Properties</u>
Cash	\$ 448,409	\$ 235,864	\$ 336,100	\$ 306,951
Accounts and pledges receivable	<u>1,550,374</u>	<u>23,709</u>	<u>1,158,371</u>	<u>17,283</u>
	1,998,783	259,573	1,494,471	324,234
Less - donor restricted cash	<u>238,321</u>	-	-	-
	<u>\$ 1,760,462</u>	<u>\$ 259,573</u>	<u>\$ 1,494,471</u>	<u>\$ 324,234</u>

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

### 14. GOVERNMENT CONTRACTS AND GRANTS - CONDITIONAL

During fiscal years 2022 and 2021, HFI and Affiliates received government contracts and grants totaling \$11,785,117 and \$8,945,802, respectively, that contained conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. HFI and Affiliates recognize these government contracts and grants when conditions are met. During the years ended June 30, 2022 and 2021, HFI and Affiliates recognized \$8,981,976 and \$7,326,070, respectively, of government contracts and grants. Conditional promises to give at June 30, 2022 and 2021, consist of unit-rate and cost-reimbursable government contracts totaling \$2,803,141 and \$1,619,732, respectively.

### 15. CONTINGENCIES

The COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

In the ordinary course of HFI and Affiliates' business, HFI and Affiliates are, from time-to-time, a defendant in litigation. While the counterparties are seeking damages in connection with these disputes, HFI and Affiliates denies any wrongdoing in these cases and are taking the appropriate legal steps in defense of these disputes. It is HFI and Affiliates' opinion that any potential settlement would not be material to the accompanying consolidating financial statements.

### 16. RECLASSIFICATION

Certain amounts in the fiscal year 2021 consolidating financial statements were reclassified to conform with the fiscal year 2022 presentation.

## HOUSING FAMILIES INC. AND AFFILIATES

Statements of Financial Position - Rental Properties  
June 30, 2022 and 2021

Assets	2022					2021				
	HFI Properties, Inc.	Malden Medford Homes LLC	Cross Street Housing LP	Eliminations	Total	HFI Properties, Inc.	Malden Medford Homes LLC	Cross Street Housing LP	Eliminations	Total
<b>Current Assets:</b>										
Cash	\$ 37,425	\$ 92,222	\$ 106,217	\$ -	\$ 235,864	\$ 47,616	\$ 81,701	\$ 177,634	\$ -	\$ 306,951
Accounts receivable	363	2,656	20,690	-	23,709	2,205	5,789	9,289	-	17,283
Due from affiliates	-	78,702	5,642	(84,344)	-	-	67,041	1,809	(68,850)	-
Total current assets	<u>37,788</u>	<u>173,580</u>	<u>132,549</u>	<u>(84,344)</u>	<u>259,573</u>	<u>49,821</u>	<u>154,531</u>	<u>188,732</u>	<u>(68,850)</u>	<u>324,234</u>
<b>Reserves and Deposits:</b>										
Operating reserve	43,632	-	185,117	-	228,749	43,522	-	185,009	-	228,531
Reserves for replacements	84,006	54,949	41,121	-	180,076	80,270	145,167	30,144	-	255,581
Security deposits	4,053	8,061	21,195	-	33,309	5,001	7,008	18,794	-	30,803
Total reserves and deposits	<u>131,691</u>	<u>63,010</u>	<u>247,433</u>	<u>-</u>	<u>442,134</u>	<u>128,793</u>	<u>152,175</u>	<u>233,947</u>	<u>-</u>	<u>514,915</u>
<b>Other Assets:</b>										
Property and equipment, net	<u>1,198,622</u>	<u>1,531,055</u>	<u>3,820,698</u>	<u>-</u>	<u>6,550,375</u>	<u>1,235,459</u>	<u>1,668,274</u>	<u>3,957,927</u>	<u>-</u>	<u>6,861,660</u>
Total assets	<u>\$ 1,368,101</u>	<u>\$ 1,767,645</u>	<u>\$ 4,200,680</u>	<u>\$ (84,344)</u>	<u>\$ 7,252,082</u>	<u>\$ 1,414,073</u>	<u>\$ 1,974,980</u>	<u>\$ 4,380,606</u>	<u>\$ (68,850)</u>	<u>\$ 7,700,809</u>
<b>Liabilities and Net Assets</b>										
<b>Current Liabilities:</b>										
Current portion of long-term debt and accrued interest	\$ 59,879	\$ 7,170	\$ 59,916	\$ -	\$ 126,965	\$ 41,403	\$ 6,971	\$ 56,481	\$ -	\$ 104,855
Current portion of contingent debt	-	41,307	-	-	41,307	-	-	-	-	-
Due to affiliates	69,510	23,461	368,272	(84,344)	376,899	44,174	149,054	447,873	(68,850)	572,251
Accounts payable	399	3,253	23,463	-	27,115	3,332	13,194	14,367	-	30,893
Accrued expenses	4,714	8,967	24,941	-	38,622	-	-	78	-	78
Total current liabilities	<u>134,502</u>	<u>84,158</u>	<u>476,592</u>	<u>(84,344)</u>	<u>610,908</u>	<u>88,909</u>	<u>169,219</u>	<u>518,799</u>	<u>(68,850)</u>	<u>708,077</u>
<b>Long-Term Liabilities:</b>										
Security deposits payable	4,053	8,061	21,195	-	33,309	5,001	7,008	18,794	-	30,803
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	755,110	3,502	1,386,133	-	2,144,745	796,341	8,130	1,446,540	-	2,251,011
Contingent debt and deferred interest	590,585	2,596,298	3,738,480	-	6,925,363	595,780	2,637,605	3,665,301	-	6,898,686
Total long-term liabilities	<u>1,349,748</u>	<u>2,607,861</u>	<u>5,145,808</u>	<u>-</u>	<u>9,103,417</u>	<u>1,397,122</u>	<u>2,652,743</u>	<u>5,130,635</u>	<u>-</u>	<u>9,180,500</u>
Total liabilities	<u>1,484,250</u>	<u>2,692,019</u>	<u>5,622,400</u>	<u>(84,344)</u>	<u>9,714,325</u>	<u>1,486,031</u>	<u>2,821,962</u>	<u>5,649,434</u>	<u>(68,850)</u>	<u>9,888,577</u>
<b>Net Assets</b>										
Without donor restrictions:										
Operating	6,797	96,592	(99,010)	-	4,379	45,837	(7,717)	(88,577)	-	(50,457)
Property and equipment	(122,946)	(1,020,966)	(1,322,710)	-	(2,466,622)	(117,795)	(839,265)	(1,180,251)	-	(2,137,311)
Total net assets	<u>(116,149)</u>	<u>(924,374)</u>	<u>(1,421,720)</u>	<u>-</u>	<u>(2,462,243)</u>	<u>(71,958)</u>	<u>(846,982)</u>	<u>(1,268,828)</u>	<u>-</u>	<u>(2,187,768)</u>
Total liabilities and net assets	<u>\$ 1,368,101</u>	<u>\$ 1,767,645</u>	<u>\$ 4,200,680</u>	<u>\$ (84,344)</u>	<u>\$ 7,252,082</u>	<u>\$ 1,414,073</u>	<u>\$ 1,974,980</u>	<u>\$ 4,380,606</u>	<u>\$ (68,850)</u>	<u>\$ 7,700,809</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Statements of Activities - Rental Properties  
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	HFI Properties, Inc.	Malden Medford Homes LLC	Cross Street Housing LP	Total	HFI Properties, Inc.	Malden Medford Homes LLC	Cross Street Housing LP	Total
<b>Operating Support and Revenues:</b>								
Rental income, net of vacancies	\$ 103,263	\$ 275,068	\$ 525,665	\$ 903,996	\$ 119,401	\$ 254,663	\$ 534,247	\$ 908,311
Management fees and other	7,203	84	-	7,287	210	248	830	1,288
Total operating support and revenues	110,466	275,152	525,665	911,283	119,611	254,911	535,077	909,599
<b>Operating Expenses:</b>								
Repairs and maintenance	30,390	44,649	134,700	209,739	45,298	56,660	91,469	193,427
Utilities	24,809	52,710	127,260	204,779	26,324	43,123	104,137	173,584
Taxes and insurance	21,951	38,258	61,165	121,374	17,990	34,687	47,829	100,506
Salaries and resident services	12,332	57,283	35,354	104,969	17,206	53,382	66,485	137,073
Interest	14,982	1,317	81,110	97,409	18,183	702	85,301	104,186
Management fees	5,721	10,776	19,463	35,960	5,721	10,776	19,463	35,960
Office supplies and equipment	12,782	7,573	4,416	24,771	4,779	13,325	4,334	22,438
Professional fees	-	147	3,775	3,922	200	-	5,279	5,479
Interest - amortization of debt issuance costs	-	2,542	-	2,542	-	2,542	6,850	9,392
Miscellaneous	48	70	906	1,024	-	1,821	3,876	5,697
Total operating expenses before depreciation and amortization	123,015	215,325	468,149	806,489	135,701	217,018	435,023	787,742
Depreciation and amortization	36,837	137,219	137,229	311,285	38,340	137,809	137,229	313,378
Total operating expenses	159,852	352,544	605,378	1,117,774	174,041	354,827	572,252	1,101,120
Changes in net assets from operations	(49,386)	(77,392)	(79,713)	(206,491)	(54,430)	(99,916)	(37,175)	(191,521)
<b>Non-Operating Activities:</b>								
Forgiveness of debt	5,195	-	-	5,195	5,195	-	-	5,195
Deferred interest expense	-	-	(73,179)	(73,179)	-	-	(70,630)	(70,630)
Changes in net assets	\$ (44,191)	\$ (77,392)	\$ (152,892)	\$ (274,475)	\$ (49,235)	\$ (99,916)	\$ (107,805)	\$ (256,956)