



# **HOUSING FAMILIES AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
JUNE 30, 2023 AND 2022**

## HOUSING FAMILIES INC. AND AFFILIATES

Contents  
June 30, 2023 and 2022

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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, 2023 and 2022, and the related consolidating statements of activities and 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, 2023 and 2022, 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.

### **Emphasis-of-Matter**

As discussed in Note 2 to the consolidating financial statements, effective July 1, 2022, HFI and Affiliates adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, using the optional transition method whereby comparative periods presented are not adjusted. Our opinion is not modified with respect to this matter.

### **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, which 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 (Continued)**

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.

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, which 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 supplemental statements of financial position and statements of activities and changes in net assets shown on pages 26 and 27 are presented for purposes of additional analysis and are 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 supplemental statements of financial position and statements of activities and changes in net assets shown on pages 26 and 27 are fairly stated in all material respects in relation to the consolidating financial statements as a whole.

*AAFCPA, Inc.*

Westborough, Massachusetts  
December 11, 2023

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Financial Position

June 30, 2023

(With Summarized Comparative Totals as of June 30, 2022)

Assets	2023			2022	
	Housing Families Inc.	Rental Properties (Exhibit A)	Eliminations	Total	Total
<b>Current Assets:</b>					
Cash	\$ 600,370	\$ 160,138	\$ -	\$ 760,508	\$ 684,273
Accounts and pledges receivable	2,987,699	30,098	-	3,017,797	1,524,083
Prepaid expenses and other	83,126	-	-	83,126	313,400
Due from affiliates	837,139	487,356	(1,324,495)	-	-
Total current assets	<u>4,508,334</u>	<u>677,592</u>	<u>(1,324,495)</u>	<u>3,861,431</u>	<u>2,521,756</u>
<b>Reserves and Deposits:</b>					
Operating reserves	-	228,814	-	228,814	228,749
Reserves for replacements	-	154,729	-	154,729	180,076
Security deposits	-	33,229	-	33,229	33,309
Total reserves and deposits	<u>-</u>	<u>416,772</u>	<u>-</u>	<u>416,772</u>	<u>442,134</u>
<b>Other Assets:</b>					
Property and equipment, net	45,976	6,263,846	(51,518)	6,258,304	6,551,654
Right-of-use asset - operating	516,523	-	-	516,523	-
Notes receivable from affiliate, net	1,422,516	-	(1,422,516)	-	-
Total other assets	<u>1,985,015</u>	<u>6,263,846</u>	<u>(1,474,034)</u>	<u>6,774,827</u>	<u>6,551,654</u>
Total assets	<u>\$ 6,493,349</u>	<u>\$ 7,358,210</u>	<u>\$ (2,798,529)</u>	<u>\$ 11,053,030</u>	<u>\$ 9,515,544</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current portion of long-term debt and accrued interest	\$ -	\$ 125,047	\$ -	\$ 125,047	\$ 126,965
Current portion of contingent debt	-	56,844	-	56,844	41,307
Current portion of finance lease obligation	14,023	-	-	14,023	16,740
Current portion of lease liability - operating	216,760	-	-	216,760	-
Due to affiliates	506,338	818,157	(1,324,495)	-	-
Accounts payable	310,661	42,078	-	352,739	189,368
Accrued expenses	387,379	1,356	-	388,735	426,367
Total current liabilities	<u>1,435,161</u>	<u>1,043,482</u>	<u>(1,324,495)</u>	<u>1,154,148</u>	<u>800,747</u>
<b>Long-Term Liabilities:</b>					
Security deposits payable	-	33,229	-	33,229	33,309
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	-	2,017,891	-	2,017,891	2,144,745
Finance lease obligations, net of current portion	-	-	-	-	14,684
Lease liability - operating, net of current portion	299,944	-	-	299,944	-
Contingent debt and deferred interest	-	6,977,045	(1,422,516)	5,554,529	5,502,847
Total long-term liabilities	<u>299,944</u>	<u>9,028,165</u>	<u>(1,422,516)</u>	<u>7,905,593</u>	<u>7,695,585</u>
Total liabilities	<u>1,735,105</u>	<u>10,071,647</u>	<u>(2,747,011)</u>	<u>9,059,741</u>	<u>8,496,332</u>
<b>Net Assets</b>					
<b>Without donor restrictions:</b>					
Operating	3,278,956	(12,029)	-	3,266,927	1,821,721
Property and equipment	31,772	(2,701,408)	1,370,998	(1,298,638)	(889,379)
Housing development	1,422,516	-	(1,422,516)	-	-
Total without donor restrictions	<u>4,733,244</u>	<u>(2,713,437)</u>	<u>(51,518)</u>	<u>1,968,289</u>	<u>932,342</u>
With donor restrictions	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>86,870</u>
Total net assets	<u>4,758,244</u>	<u>(2,713,437)</u>	<u>(51,518)</u>	<u>1,993,289</u>	<u>1,019,212</u>
Total liabilities and net assets	<u>\$ 6,493,349</u>	<u>\$ 7,358,210</u>	<u>\$ (2,798,529)</u>	<u>\$ 11,053,030</u>	<u>\$ 9,515,544</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, 2022

<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	\$ 448,409	\$ 235,864	\$ -	\$ 684,273
Accounts and pledges receivable	1,500,374	23,709	-	1,524,083
Prepaid expenses and other	313,400	-	-	313,400
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>
<b>Reserves and Deposits:</b>				
Operating reserves	-	228,749	-	228,749
Reserves for replacements	-	180,076	-	180,076
Security deposits	-	33,309	-	33,309
Total reserves and deposits	<u>-</u>	<u>442,134</u>	<u>-</u>	<u>442,134</u>
<b>Other Assets:</b>				
Property and equipment, net	55,044	6,550,375	(53,765)	6,551,654
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>
Total assets	<u>\$ 4,116,642</u>	<u>\$ 7,252,082</u>	<u>\$ (1,853,180)</u>	<u>\$ 9,515,544</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Current portion of long-term debt and accrued interest	\$ -	\$ 126,965	\$ -	\$ 126,965
Current portion of contingent debt	-	41,307	-	41,307
Current portion of finance lease obligations	16,740	-	-	16,740
Due to affiliates	-	376,899	(376,899)	-
Accounts payable	162,253	27,115	-	189,368
Accrued expenses	387,745	38,622	-	426,367
Total current liabilities	<u>566,738</u>	<u>610,908</u>	<u>(376,899)</u>	<u>800,747</u>
<b>Long-Term Liabilities:</b>				
Security deposits payable	-	33,309	-	33,309
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	-	2,144,745	-	2,144,745
Finance lease obligations, net of current portion	14,684	-	-	14,684
Contingent debt and deferred interest	-	6,925,363	(1,422,516)	5,502,847
Total long-term liabilities	<u>14,684</u>	<u>9,103,417</u>	<u>(1,422,516)</u>	<u>7,695,585</u>
Total liabilities	<u>581,422</u>	<u>9,714,325</u>	<u>(1,799,415)</u>	<u>8,496,332</u>
<b>Net Assets:</b>				
<b>Without donor restrictions:</b>				
Operating	1,817,342	4,379	-	1,821,721
Property and equipment	23,620	(2,466,622)	1,553,623	(889,379)
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>
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>
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>

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

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2023

(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023			2022	
	Housing Families Inc.	Rental Properties (Exhibit B)	Eliminations	Total	Total
<b>Changes in Net Assets Without Donor Restrictions:</b>					
Operating support and revenues:					
Government contracts and grants	\$ 13,101,898	\$ -	\$ -	\$ 13,101,898	\$ 8,981,976
Rental income, net of vacancies	106,892	879,746	(126,120)	860,518	885,989
Grants and contributions	837,744	-	-	837,744	1,025,996
Management fees and other	224,913	8,834	(29,682)	204,065	11,042
Donated goods and services	31,192	-	-	31,192	63,284
Net assets released from purpose restrictions	86,870	-	-	86,870	-
Total operating support and revenues	14,389,509	888,580	(155,802)	15,122,287	10,968,287
Operating expenses:					
Program services	11,094,173	-	(120,639)	10,973,534	8,509,681
General and administrative	1,674,601	-	(2,131)	1,672,470	1,226,894
Fundraising	311,873	-	(3,350)	308,523	338,999
Rental Properties	-	767,126	(29,682)	737,444	770,529
Total operating expenses before depreciation and amortization	13,080,647	767,126	(155,802)	13,691,971	10,846,103
Depreciation and amortization	23,968	305,429	(2,247)	327,150	333,641
Total operating expenses	13,104,615	1,072,555	(158,049)	14,019,121	11,179,744
Changes in net assets without donor restrictions from operations	1,284,894	(183,975)	2,247	1,103,166	(211,457)
Non-operating activities:					
Forgiveness of debt	-	5,195	-	5,195	5,195
Deferred interest expense	-	(72,414)	-	(72,414)	(73,179)
Changes in net assets without donor restrictions	1,284,894	(251,194)	2,247	1,035,947	(279,441)
<b>Changes in Net Assets With Donor Restrictions:</b>					
Contributions	25,000	-	-	25,000	86,870
Net assets released from purpose restrictions	(86,870)	-	-	(86,870)	-
Changes in net assets with donor restrictions	(61,870)	-	-	(61,870)	86,870
Changes in net assets	1,223,024	(251,194)	2,247	974,077	(192,571)
<b>Net Assets:</b>					
Beginning of year	3,535,220	(2,462,243)	(53,765)	1,019,212	1,211,783
End of year	\$ 4,758,244	\$ (2,713,437)	\$ (51,518)	\$ 1,993,289	\$ 1,019,212

**HOUSING FAMILIES INC. AND AFFILIATES**

 Consolidating Statement of Activities and Changes in Net Assets  
 For the Year Ended June 30, 2022

	<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	\$ 8,981,976	\$ -	\$ -	\$ 8,981,976
Rental income, net of vacancies	108,113	903,996	(126,120)	885,989
Grants and contributions	1,025,996	-	-	1,025,996
Management fees and other	39,715	7,287	(35,960)	11,042
Donated goods and services	63,284	-	-	63,284
	<u>10,219,084</u>	<u>911,283</u>	<u>(162,080)</u>	<u>10,968,287</u>
Operating expenses:				
Program services	8,630,320	-	(120,639)	8,509,681
General and administrative	1,229,025	-	(2,131)	1,226,894
Fundraising	342,349	-	(3,350)	338,999
Rental Properties	-	806,489	(35,960)	770,529
	<u>10,201,694</u>	<u>806,489</u>	<u>(162,080)</u>	<u>10,846,103</u>
Depreciation and amortization	24,603	311,285	(2,247)	333,641
	<u>10,226,297</u>	<u>1,117,774</u>	<u>(164,327)</u>	<u>11,179,744</u>
Changes in net assets without donor restrictions from operations	(7,213)	(206,491)	2,247	(211,457)
Non-operating activities:				
Forgiveness of debt	-	5,195	-	5,195
Deferred interest expense	-	(73,179)	-	(73,179)
Changes in net assets without donor restrictions	(7,213)	(274,475)	2,247	(279,441)
<b>Changes in Net Assets With Donor Restrictions:</b>				
Contributions	86,870	-	-	86,870
Changes in net assets	79,657	(274,475)	2,247	(192,571)
<b>Net Assets:</b>				
Beginning of year	<u>3,455,563</u>	<u>(2,187,768)</u>	<u>(56,012)</u>	<u>1,211,783</u>
End of year	<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, 2023

	<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	\$ 1,223,024	\$ (251,194)	\$ 2,247	\$ 974,077
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	23,968	305,429	(2,247)	327,150
Interest - amortization of debt issuance costs	-	2,542	-	2,542
Forgiveness of debt	-	(5,195)	-	(5,195)
Deferred interest	-	72,414	-	72,414
Non-cash lease expense	181	-	-	181
Changes in operating assets and liabilities:				
Accounts and pledges receivable	(1,487,325)	(6,389)	-	(1,493,714)
Prepaid expenses and other	230,274	-	-	230,274
Due to/from affiliates	46,098	(46,098)	-	-
Accounts payable	148,408	14,963	-	163,371
Accrued expenses	(366)	(37,266)	-	(37,632)
Security deposits payable	-	(80)	-	(80)
Net cash provided by operating activities	<u>184,262</u>	<u>49,126</u>	<u>-</u>	<u>233,388</u>
<b>Cash Flows from Investing Activities:</b>				
Purchases of property and equipment	<u>(14,900)</u>	<u>(18,900)</u>	<u>-</u>	<u>(33,800)</u>
<b>Cash Flows from Financing Activities:</b>				
Principal payments on long-term debt	-	(131,314)	-	(131,314)
Principal payments on finance lease obligations	<u>(17,401)</u>	<u>-</u>	<u>-</u>	<u>(17,401)</u>
Net cash used in financing activities	<u>(17,401)</u>	<u>(131,314)</u>	<u>-</u>	<u>(148,715)</u>
<b>Net Change in Cash and Restricted Cash</b>	151,961	(101,088)	-	50,873
<b>Cash and Restricted Cash:</b>				
Beginning of year	<u>448,409</u>	<u>677,998</u>	<u>-</u>	<u>1,126,407</u>
End of year	<u>\$ 600,370</u>	<u>\$ 576,910</u>	<u>\$ -</u>	<u>\$ 1,177,280</u>
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statements of Financial Position:</b>				
Cash	\$ 600,370	\$ 160,138	\$ -	\$ 760,508
Operating reserves	-	228,814	-	228,814
Reserves for replacements	-	154,729	-	154,729
Security deposits	-	33,229	-	33,229
Total cash and restricted cash	<u>\$ 600,370</u>	<u>\$ 576,910</u>	<u>\$ -</u>	<u>\$ 1,177,280</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>				
Cash paid for interest	<u>\$ -</u>	<u>\$ 88,292</u>	<u>\$ -</u>	<u>\$ 88,292</u>

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

**HOUSING FAMILIES INC. AND AFFILIATES**

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

	<b>Housing Families Inc.</b>	<b>Rental Properties</b>	<b>Eliminations</b>	<b>Total</b>
<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	<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	<u>(17,401)</u>	<u>-</u>	<u>-</u>	<u>(17,401)</u>
	<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>	<u>112,309</u>	<u>(143,868)</u>	<u>-</u>	<u>(31,559)</u>
<b>Cash and Restricted Cash:</b>				
Beginning of year	<u>336,100</u>	<u>821,866</u>	<u>-</u>	<u>1,157,966</u>
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	<u>\$ -</u>	<u>\$ 97,409</u>	<u>\$ -</u>	<u>\$ 97,409</u>

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, 2023  
(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023							2022	
	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	\$ 3,499,396	\$ 581,182	\$ 175,389	\$ 756,571	\$ 4,255,967	\$ 76,035	\$ -	\$ 4,332,002	\$ 3,220,107
Payroll taxes and benefits	512,262	141,345	25,787	167,132	679,394	-	-	679,394	505,707
Contract labor	19,858	465,555	3,275	468,830	488,688	-	-	488,688	416,977
Total personnel and related costs	4,031,516	1,188,082	204,451	1,392,533	5,424,049	76,035	-	5,500,084	4,142,791
<b>Occupancy:</b>									
Rent	5,423,707	33,382	23,267	56,649	5,480,356	-	(126,120)	5,354,236	4,243,950
Repairs and maintenance	308,090	10,850	-	10,850	318,940	203,316	-	522,256	470,809
Utilities	212,324	10,383	-	10,383	222,707	201,371	-	424,078	351,845
Taxes and insurance	-	-	-	-	-	111,890	-	111,890	162,713
Interest	-	-	-	-	-	88,292	-	88,292	97,409
Total occupancy	5,944,121	54,615	23,267	77,882	6,022,003	604,869	(126,120)	6,500,752	5,326,726
<b>Other:</b>									
Professional fees	122,751	196,461	39,290	235,751	358,502	10,071	-	368,573	400,694
Non-capital equipment	246,801	50,798	17,807	68,605	315,406	-	-	315,406	189,082
Direct client assistance	242,010	-	-	-	242,010	-	-	242,010	285,727
Office supplies and equipment	97,788	46,413	2,686	49,099	146,887	35,040	-	181,927	186,816
Training, travel and meals	105,787	41,415	2,280	43,695	149,482	-	-	149,482	46,582
Insurance	128,978	16,251	4,240	20,491	149,469	-	-	149,469	20,083
Miscellaneous	58,958	25,643	12,677	38,320	97,278	8,887	-	106,165	71,878
Telephone	51,356	43,707	5,173	48,880	100,236	-	-	100,236	73,011
Vehicle costs	43,915	216	2	218	44,133	-	-	44,133	36,887
Donated goods and services	20,192	11,000	-	11,000	31,192	-	-	31,192	63,284
Interest - amortization of debt issuance costs	-	-	-	-	-	2,542	-	2,542	2,542
Management fees	-	-	-	-	-	29,682	(29,682)	-	-
Total other	1,118,536	431,904	84,155	516,059	1,634,595	86,222	(29,682)	1,691,135	1,376,586
Total expenses before depreciation and amortization	11,094,173	1,674,601	311,873	1,986,474	13,080,647	767,126	(155,802)	13,691,971	10,846,103
<b>Depreciation and Amortization</b>	19,617	4,351	-	4,351	23,968	305,429	(2,247)	327,150	333,641
Total expenses	\$ 11,113,790	\$ 1,678,952	\$ 311,873	\$ 1,990,825	\$ 13,104,615	\$ 1,072,555	\$ (158,049)	\$ 14,019,121	\$ 11,179,744

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, 2022

	Housing Families Inc.				Total	Rental Properties (Exhibit B)	Eliminations	Total
	Support Services			Total Support Services				
	Program Services	General and Adminis- trative	Fundraising					
<b>Personnel and Related Costs:</b>								
Salaries	\$ 2,516,962	\$ 400,424	\$ 197,752	\$ 598,176	\$ 3,115,138	\$ 104,969	\$ -	\$ 3,220,107
Payroll taxes and benefits	421,143	48,528	36,036	84,564	505,707	-	-	505,707
Contract labor	10,150	406,277	550	406,827	416,977	-	-	416,977
Total personnel and related costs	2,948,255	855,229	234,338	1,089,567	4,037,822	104,969	-	4,142,791
<b>Occupancy:</b>								
Rent	4,335,132	10,070	24,868	34,938	4,370,070	-	(126,120)	4,243,950
Repairs and maintenance	241,227	19,843	-	19,843	261,070	209,739	-	470,809
Utilities	147,066	-	-	-	147,066	204,779	-	351,845
Taxes and insurance	41,339	-	-	-	41,339	121,374	-	162,713
Interest	-	-	-	-	-	97,409	-	97,409
Total occupancy	4,764,764	29,913	24,868	54,781	4,819,545	633,301	(126,120)	5,326,726
<b>Other:</b>								
Professional fees	182,082	200,296	14,394	214,690	396,772	3,922	-	400,694
Non-capital equipment	134,303	44,732	10,047	54,779	189,082	-	-	189,082
Direct client assistance	285,727	-	-	-	285,727	-	-	285,727
Office supplies and equipment	78,473	37,388	46,184	83,572	162,045	24,771	-	186,816
Training, travel and meals	41,287	4,119	1,176	5,295	46,582	-	-	46,582
Insurance	3,944	15,094	1,045	16,139	20,083	-	-	20,083
Miscellaneous	52,308	13,576	4,970	18,546	70,854	1,024	-	71,878
Telephone	55,151	12,533	5,327	17,860	73,011	-	-	73,011
Vehicle costs	36,742	145	-	145	36,887	-	-	36,887
Donated goods and services	47,284	16,000	-	16,000	63,284	-	-	63,284
Interest - amortization of debt issuance costs	-	-	-	-	-	2,542	-	2,542
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
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
<b>Depreciation and Amortization</b>	20,252	4,351	-	4,351	24,603	311,285	(2,247)	333,641
Total expenses	<u>\$ 8,650,572</u>	<u>\$ 1,233,376</u>	<u>\$ 342,349</u>	<u>\$ 1,575,725</u>	<u>\$ 10,226,297</u>	<u>\$ 1,117,774</u>	<u>\$ (164,327)</u>	<u>\$ 11,179,744</u>

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

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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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 (see below) 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 (collectively, HFI and Affiliates) (see Note 3). All significant intercompany transactions have been eliminated.

#### Recently Adopted Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard requires lessees to report substantially all leases on the consolidating statement of financial position as right-of-use (ROU) assets and lease liability. HFI and Affiliates adopted Topic 842 using the optional transition method provided in ASU 2018-11. Under this transition method, financial information related to years prior to adoption remains as originally reported under Topic 840. HFI and Affiliates elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed HFI and Affiliates to carry forward the historical lease classification as operating or finance leases.

The adoption had a material impact on HFI and Affiliates' consolidating statement of financial position but did not have a material impact on the consolidating statements of activities and changes in net assets and their cash flows. The most significant impact was the recognition of a ROU asset and lease liability on July 1, 2022, of \$730,343 and \$730,482, respectively, with differences in amounts being composed of one-time costs incurred.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

#### 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 9).

#### 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 13). 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.

HFI and Affiliates leases apartment units of various properties to various tenants for a period of twelve months or less. The lease agreements may contain renewals for a period of twelve months or less and do not require any variable lease payments. Because of the uncertainty of tenants' renewals and the existence of a mutual termination clause in the lease agreements, HFI and Affiliates treat all residential leases as short-term leases.

Rental income is accounted for in accordance with Topic 842 and is recognized over the rental period and is shown net of vacancies of \$68,259 and \$60,455 for fiscal years 2023 and 2022, respectively. The adoption of Topic 842 did not change how rental income was recognized in prior years. Advance receipts of rental income are classified as liabilities (prepaid rent) until earned.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

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, reserves for replacements and ROU assets - operating, net of related debt and lease liabilities.

**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, 2023 and 2022, are purpose restricted.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Accounts and Pledges Receivable

Accounts receivable are recorded at the invoiced amount, do not bear interest, and are due on demand. 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, 2023 and 2022.

#### 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

#### 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

Donated goods and services are reflected as contributions at their fair value at date of donation and are reported as unrestricted support and revenue unless explicit donor stipulations specify how the donated assets must be used. 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>2023</u>	<u>2022</u>
Program supplies	\$ 28,446	\$ 47,284
Contracted services	<u>2,746</u>	<u>16,000</u>
	<u>\$ 31,192</u>	<u>\$ 63,284</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Donated Goods and Services (Continued)

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

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.

#### Leases

HFI and Affiliates determine if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant or equipment (an identified asset) in exchange for consideration. HFI and Affiliates determine such assets are leased because HFI and Affiliates has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. HFI and Affiliates' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, HFI and Affiliates separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office building. HFI and Affiliates has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the consolidating statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. HFI and Affiliates determine lease classification as operating or finance at the lease commencement date.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leases (Continued)

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. HFI and Affiliates use the implicit rate when readily determinable. As most leases do not provide an implicit rate, to determine the present value of lease payments management uses the risk-free rate at lease commencement.

The lease term may include options to extend or to terminate the lease that HFI and Affiliates are reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

HFI and Affiliates have elected not to record leases with an initial term of twelve months or less on the consolidating statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

#### Consolidating Statements of Activities and Changes in Net Assets

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 and changes in net assets. 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, 2023 and 2022. HFI and Affiliates' information and tax returns are subject to examination by Federal and state jurisdictions.

As described on page 10, 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, 2023 and 2022, Cross Street Realty, Inc. and HFI Properties, Inc. had, for Federal income tax purposes, net operating loss carryforwards of approximately \$1,161,000 and \$1,056,000, 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 \$1,151,000 and \$1,045,000 available to offset future taxable income as of June 30, 2023 and 2022, respectively.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes (Continued)

Cross Street Housing Limited Partnership (CSLP) accounts 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 statement regarding a tax position taken or expected to be taken in a tax return. CSLP has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at June 30, 2023 and 2022.

#### Subsequent Events

Subsequent events have been evaluated through December 11, 2023, 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.

### 3. RELATED PARTY TRANSACTIONS

HFI is presented on a 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. 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, 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 2023 and 2022. The unpaid development and overhead fee reimbursements were \$184,872 as of June 30, 2023 and 2022, and are included in due to/from affiliate in the accompanying consolidating statements of financial position (see page 17). This note is secured by a third mortgage on the property.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidating Entities (Continued)

HFI provides management services and staff to CSLP, MM Homes and HFI Properties. Management fees billed for the years ended June 30, 2023 and 2022, consisted of the following:

CSLP	\$ 16,069
MM Homes	8,857
HFI Properties	<u>4,756</u>
	<u>\$ 29,682</u>

Management fees are included in management fees and other in the accompanying consolidating statements of activities and changes in net assets, and in 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.

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>2023</u>	<u>2022</u>
Due from CSLP	\$ 490,660	\$ 319,310
Due from MM Homes	246,749	23,461
Due from HFI Properties	<u>99,730</u>	<u>34,128</u>
	<u>\$ 837,139</u>	<u>\$ 376,899</u>

At June 30, 2023 and 2022, there was \$14,628 due from MM Homes to HFI Properties and \$29,740 due from HFI Properties to MM Homes for subsidy rental receipts received from HFI Properties on behalf of MM Homes. At June 30, 2023 and 2022, there were \$48,962 and \$30,739, respectively, due from CSLP to MM Homes for an operating advance. At June 30, 2023 and 2022, there were \$5,457 and \$5,642, 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, 2023 and 2022. 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 2023 and 2022. Interest compounds annually. All unpaid principal and deferred interest were due in full on July 23, 2023. This note has been informally extended. For fiscal years 2023 and 2022, deferred interest expense on this loan was \$76,460 and \$104,694, respectively. This note is secured by a third mortgage on CSLP's property. During fiscal years 2023 and 2022, 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 and changes in net assets.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidating Entities (Continued)

Notes receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Interest receivable on sponsor loan	\$ 1,322,646	\$ 1,246,187
Sponsor loan receivable	<u>805,583</u>	<u>805,583</u>
Total notes receivable	2,128,229	2,051,770
Less - reserve on uncollectable amounts	<u>705,713</u>	<u>629,254</u>
Notes receivable, net	<u>\$ 1,422,516</u>	<u>\$ 1,422,516</u>

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 2023 and 2022.

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 2023 and 2022.

HFI has a \$200,000 line of credit agreement (see Note 5) with a bank where one of HFI's Board of Directors was an employee of the bank during fiscal year 2022.

A member of HFI's Board of Directors provided \$20,833 and \$55,000 of marketing services for HFI for the years ended June 30, 2023 and 2022, respectively.

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>2023</u>	<u>HFI</u>	<u>Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
Land	\$ -	\$ 1,285,700	\$ -	\$ 1,285,700
Buildings and improvements	14,900	9,713,119	(525,764)	9,202,255
Furniture and equipment	298,922	120,036	-	418,958
Vehicles	<u>95,520</u>	<u>-</u>	<u>-</u>	<u>95,520</u>
Total cost	409,342	11,118,855	(525,764)	11,002,433
Less - accumulated depreciation	<u>363,366</u>	<u>4,855,009</u>	<u>474,246</u>	<u>4,744,129</u>
	<u>\$ 45,976</u>	<u>\$ 6,263,846</u>	<u>\$ (51,518)</u>	<u>\$ 6,258,304</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 4. PROPERTY AND EQUIPMENT (Continued)

2022	HFI	Rental Properties	Eliminations	Total
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	<u>95,520</u>	<u>-</u>	<u>-</u>	<u>95,520</u>
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>

Depreciation and amortization expense during fiscal years 2023 and 2022 was \$327,150 and \$333,641, respectively. Substantially all property and equipment are pledged as collateral on long-term and contingent debt (see Notes 6 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, 2023 and 2022, HFI has not recognized any reduction in the carrying value of its property and equipment under these standards.

HFI currently has equipment and vehicles under various finance lease agreements with a total cost of \$87,885 as of June 30, 2023 and 2022 (see Note 9). Depreciation expense for fiscal years 2023 and 2022 for assets under finance lease was \$15,344. As of June 30, 2023 and 2022, accumulated depreciation was \$73,934 and \$58,590, respectively, on these assets.

### 5. 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% (8.75% and 5.25% at June 30, 2023 and 2022, 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, 2023 and 2022.

HFI is subject to certain covenants as described in the agreements. HFI was in compliance with these covenants as of June 30, 2023.

**HOUSING FAMILIES, INC. AND AFFILIATES**

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

**6. LONG-TERM DEBT**

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Balance	
					2023	2022
HFI Properties	Malden Redevelopment Authority (MRA)	Mortgage on certain property	0.00%	November 2042	\$ 533,848	\$ 533,848
HFI Properties	Bank	Mortgage on certain property	4.38%	March 2027	225,361	281,141
MM Homes	MRA	Mortgage on certain property	2.00%	April 2027	13,724	21,202
MM Homes	MRA	Mortgage on certain property	2.00%	November 2022	-	2,948
CSLP	Bank	Mortgage on certain property	7.00%	June 2025	844,507	892,600
CSLP	MRA	Mortgage on certain property	4.17%	July 2046	531,973	549,443
					<u>2,149,413</u>	<u>2,281,182</u>
	Plus - accrued interest to a bank				-	4,006
	Less - current portion				125,047	126,965
	Less - unamortized debt issuance costs				6,475	13,478
					<u>\$ 2,017,891</u>	<u>\$ 2,144,745</u>
	Total long-term debt, net of current portion					

Debt issuance costs related to the various notes payable totaling \$38,123 are shown net of accumulated imputed interest of \$27,187 and \$24,645 as of June 30, 2023 and 2022, 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 for the years ended June 30, 2023 and 2022.

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</u>
2024	\$ 125,047	\$ 2,542
2025	\$ 131,639	\$ 2,542
2026	\$ 138,880	\$ 1,391
2027	\$ 120,596	\$ -
2028	\$ 80,815	\$ -
Thereafter	\$ 1,552,436	\$ -

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, 2023 and 2022.

**HOUSING FAMILIES, INC. AND AFFILIATES**

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

**7. CONTINGENT DEBT AND DEFERRED INTEREST**

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Principal	
					2023	2022
	Commonwealth of MA Executive Office of Housing and					
HFI Properties	Livable Communities (EOHLC)	Mortgage on certain property	0.00%	September 2025	\$ 535,000	\$ 535,000
HFI Properties	City of Revere	Mortgage on certain property	0.00%	Demand	40,000	40,000
HFI Properties	City of Peabody	Mortgage on certain property	0.00%	May 2026	10,390	15,585
MM Homes	MRA	Mortgage on certain property	0.00%	August 2041	847,459	847,459
MM Homes	EOHLC	Mortgage on certain property	0.00%	August 2042	750,000	750,000
MM Homes	EOHLC	Mortgage on certain property	0.00%	August 2042	743,108	743,108
MM Homes	CEDAC	Mortgage on certain property	0.00%	August 2042	179,988	179,988
MM Homes	CEDAC	Mortgage on certain property	0.00%	February 2028	70,230	70,230
MM Homes	CEDAC	Mortgage on certain property	0.00%	July 2030	46,820	46,820
CSLP	HFI	Mortgage on certain property	5.38%	July 2023	805,583	805,583
CSLP	EOHLC	Mortgage on certain property	4.17%	August 2033	750,000	750,000
CSLP	CEDAC	Mortgage on certain property	0.00%	December 2033	500,000	500,000
					<u>5,278,578</u>	<u>5,283,773</u>
	Plus - deferred interest				1,755,311	1,682,897
	Less - current portion of contingent debt				56,844	41,307
	Less - elimination				<u>1,422,516</u>	<u>1,422,516</u>
	Total contingent debt and deferred interest, net of current portion and elimination				<u>\$ 5,554,529</u>	<u>\$ 5,502,847</u>

Deferred interest consists of the following as of June 30:

	2023	2022
EOHLC note (see above)	\$ 902,022	\$ 835,891
Related party note, net (see above and page 18)	616,934	616,933
MRA note (see page 20)	<u>236,355</u>	<u>230,073</u>
	<u>\$ 1,755,311</u>	<u>\$ 1,682,897</u>

CEDAC, EOHLC and MRA may extend the maturity dates of the notes 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, 2023 and 2022.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 8. LEASES

#### Short-Term Leases

HFI has certain leases that are for a period of twelve months or less or contain renewals for periods of twelve months or less. HFI has elected the practical expedient to not include these leases within the operating right-of-use assets and lease liabilities. Total expense for short-term leases was \$5,090,903 for fiscal year 2023.

#### Operating Leases

##### *Facility Leases*

HFI leases space under two operating lease agreements expiring through March 2026. Under the lease agreement, HFI pays monthly rent, which increases annually as defined in the lease agreement. HFI paid monthly lease payments ranging from \$17,837 to \$17,987 per month during fiscal years 2023 and 2022. Rent expense under the facility lease was \$215,377 and \$186,355 for the years ended June 30, 2023 and 2022, respectively, and is included in rent in the accompanying consolidating statements of functional expenses. HFI is required to pay additional operating costs related to certain facility leases which were \$25,136 for the year ended June 30, 2023, and are included in occupancy in the accompanying consolidating statement of functional expenses.

##### *Vehicle Leases*

HFI leases two vehicles under operating leases expiring through May 2024. Expenses under these leases were \$15,939 and \$16,696 for the years ended June 30, 2023 and 2022, respectively, which are included in vehicle costs in the accompanying consolidating statements of functional expenses.

Future minimum lease payments under these agreements are as follows:

<u>Year</u>	
2024	\$ 228,096
2025	205,190
2026	<u>100,779</u>
Total future undiscounted lease payments	534,065
Less - present value discount and interest	17,361
Less - current portion	<u>216,760</u>
Lease liability - operating, net of current portion	<u>\$ 299,944</u>

The following summarizes the weighted-average remaining lease term and discount rate as of June 30, 2023:

<b>Weighted-Average Remaining Lease Term (Years):</b>	
Operating lease	2.35 years
<b>Weighted-Average Discount Rate:</b>	
Operating lease	2.85%

#### Finance Lease

HFI leases certain equipment (see Note 4) under various finance lease agreements through May 2024. The interest rate under these agreements was 2.1% for the years ended June 30, 2023 and 2022.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 8. LEASES (Continued)

#### Operating Leases - Topic 840

HFI's total rent expense as presented under ASC Topic 840 was approximately \$4,226,000 for the year ended June 30, 2022.

Future minimum lease payments under these agreements are as follows as of June 30, 2022:

<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>

### 9. 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 year 2022. There were withdrawals of \$15,684 during fiscal year 2023.

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, this account was adequately funded. There was a withdrawal of \$25,000 during fiscal year 2023, which was properly approved. The reserve was not adequately funded as of June 30, 2023.

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. There were no withdrawals during fiscal year 2023.

#### 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 2023 and 2022.

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 \$27,600 and \$28,000 as of June 30, 2023 and 2022, respectively). This account was adequately funded as of June 30, 2023 and 2022.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

### 9. RESERVES AND DEPOSITS (Continued)

#### Operating Reserves (Continued)

The following is a summary of the reserves with deposits and withdrawals for fiscal years ended June 30:

	2023			
	Beginning Balance July 1, 2022	Additions and Interest	Withdrawals and Transfers	Ending Balance June 30, 2023
Operating reserve	<u>\$ 228,749</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 228,814</u>
Reserve for replacements	<u>\$ 180,076</u>	<u>\$ 15,337</u>	<u>\$ 40,684</u>	<u>\$ 154,729</u>
Security deposits	<u>\$ 33,309</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 33,229</u>
	2022			
	Beginning Balance July 1, 2021	Additions and Interest	Withdrawals and Transfers	Ending Balance June 30, 2022
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>

### 10. FUNDING

HFI and Affiliates receive a significant portion of their total operating support and revenues without donor restrictions (approximately 68% and 70% during fiscal years 2023 and 2022, respectively) from one and two funding sources, respectively, 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, 2023 and 2022, 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 \$344,200 and \$382,343 in rental subsidies and vacancy reimbursements to CSLP during the years ended June 30, 2023 and 2022, 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 \$241,747 and \$177,696 in rental subsidies to HFI Properties and MM Homes during the years ended June 30, 2023 and 2022, respectively.

Approximately 86% and 73% of HFI's accounts and pledges receivable were due from two sources as of June 30, 2023 and 2022, respectively.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2023 and 2022

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### 11. 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 \$28,492 and \$30,265 in fiscal years 2023 and 2022, respectively, which is included in payroll taxes and benefits in the accompanying consolidating statements of functional expenses.

### 12. 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:

	2023		2022	
	Housing Families Inc.	Rental Properties	Housing Families Inc.	Rental Properties
Cash	\$ 600,370	\$ 160,138	\$ 448,409	\$ 235,864
Accounts and pledges receivable	2,987,699	30,098	1,500,374	23,709
	3,588,069	190,236	1,948,783	259,573
Less - donor restricted cash	25,000	-	86,870	-
	<u>\$ 3,563,069</u>	<u>\$ 190,236</u>	<u>\$ 1,861,913</u>	<u>\$ 259,573</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.

### 13. GOVERNMENT CONTRACTS AND GRANTS - CONDITIONAL

HFI and Affiliates received grants and contributions (including government contracts and grants) that contained donor-imposed 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 recognizes these grants and contributions when donor-imposed conditions are met. Conditional grants and contributions consisted of \$3,745,667 and \$11,785,117 for the year ended June 30, 2023 and 2022, respectively, which are made up of cost reimbursable and unit-rate contracts.

### 14. CONTINGENCIES

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.

### 15. RECLASSIFICATION

Certain amounts in the fiscal year 2022 consolidating financial statements were reclassified to conform with the fiscal year 2023 presentation.

## HOUSING FAMILIES INC. AND AFFILIATES

Statements of Financial Position - Rental Properties  
June 30, 2023 and 2022

Assets	2023					2022				
	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	\$ 1,921	\$ 99,656	\$ 58,561	\$ -	\$ 160,138	\$ 37,425	\$ 92,222	\$ 106,217	\$ -	\$ 235,864
Accounts receivable	9,118	290	20,690	-	30,098	363	2,656	20,690	-	23,709
Due from affiliates	4,105	307,130	245,195	(69,074)	487,356	-	78,702	5,642	(84,344)	-
Total current assets	15,144	407,076	324,446	(69,074)	677,592	37,788	173,580	132,549	(84,344)	259,573
<b>Reserves and Deposits:</b>										
Operating reserve	43,697	-	185,117	-	228,814	43,632	-	185,117	-	228,749
Reserves for replacements	61,013	60,204	33,512	-	154,729	84,006	54,949	41,121	-	180,076
Security deposits	3,952	8,061	21,216	-	33,229	4,053	8,061	21,195	-	33,309
Total reserves and deposits	108,662	68,265	239,845	-	416,772	131,691	63,010	247,433	-	442,134
<b>Other Assets:</b>										
Property and equipment, net	1,172,370	1,400,322	3,691,154	-	6,263,846	1,198,622	1,531,055	3,820,698	-	6,550,375
Total assets	\$ 1,296,176	\$ 1,875,663	\$ 4,255,445	\$ (69,074)	\$ 7,358,210	\$ 1,368,101	\$ 1,767,645	\$ 4,200,680	\$ (84,344)	\$ 7,252,082
<b>Liabilities and Net Assets</b>										
<b>Current Liabilities:</b>										
Current portion of long-term debt and accrued interest	\$ 57,205	\$ 4,307	\$ 63,535	\$ -	\$ 125,047	\$ 59,879	\$ 7,170	\$ 59,916	\$ -	\$ 126,965
Current portion of contingent debt	-	56,844	-	-	56,844	-	41,307	-	-	41,307
Due to affiliates	89,630	256,119	541,482	(69,074)	818,157	69,510	23,461	368,272	(84,344)	376,899
Accounts payable	13,019	857	28,202	-	42,078	399	3,253	23,463	-	27,115
Accrued expenses	-	1,356	-	-	1,356	4,714	8,967	24,941	-	38,622
Total current liabilities	159,854	319,483	633,219	(69,074)	1,043,482	134,502	84,158	476,592	(84,344)	610,908
<b>Long-Term Liabilities:</b>										
Security deposits payable	3,952	8,061	21,216	-	33,229	4,053	8,061	21,195	-	33,309
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	702,004	2,942	1,312,945	-	2,017,891	755,110	3,502	1,386,133	-	2,144,745
Contingent debt and deferred interest	585,390	2,580,761	3,810,894	-	6,977,045	590,585	2,596,298	3,738,480	-	6,925,363
Total long-term liabilities	1,291,346	2,591,764	5,145,055	-	9,028,165	1,349,748	2,607,861	5,145,808	-	9,103,417
Total liabilities	1,451,200	2,911,247	5,778,274	(69,074)	10,071,647	1,484,250	2,692,019	5,622,400	(84,344)	9,714,325
<b>Net Assets</b>										
<b>Without donor restrictions:</b>										
Operating	(43,808)	91,900	(60,121)	-	(12,029)	6,797	96,592	(99,010)	-	4,379
Property and equipment	(111,216)	(1,127,484)	(1,462,708)	-	(2,701,408)	(122,946)	(1,020,966)	(1,322,710)	-	(2,466,622)
Total net assets	(155,024)	(1,035,584)	(1,522,829)	-	(2,713,437)	(116,149)	(924,374)	(1,421,720)	-	(2,462,243)
Total liabilities and net assets	\$ 1,296,176	\$ 1,875,663	\$ 4,255,445	\$ (69,074)	\$ 7,358,210	\$ 1,368,101	\$ 1,767,645	\$ 4,200,680	\$ (84,344)	\$ 7,252,082

## HOUSING FAMILIES INC. AND AFFILIATES

Statements of Activities and Changes in Net Assets - Rental Properties  
For the Years Ended June 30, 2023 and 2022

	2023				2022			
	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	\$ 118,488	\$ 218,277	\$ 542,981	\$ 879,746	\$ 103,263	\$ 275,068	\$ 525,665	\$ 903,996
Management fees and other	8,828	6	-	8,834	7,203	84	-	7,287
Total operating support and revenues	127,316	218,283	542,981	888,580	110,466	275,152	525,665	911,283
<b>Operating Expenses:</b>								
Repairs and maintenance	45,693	39,682	117,941	203,316	30,390	44,649	134,700	209,739
Utilities	29,354	57,492	114,525	201,371	24,809	52,710	127,260	204,779
Taxes and insurance	23,105	39,751	49,034	111,890	21,951	38,258	61,165	121,374
Interest	11,256	619	76,417	88,292	14,982	1,317	81,110	97,409
Salaries and resident services	11,127	29,672	35,236	76,035	12,332	57,283	35,354	104,969
Office supplies and equipment	8,222	13,129	13,689	35,040	12,782	7,573	4,416	24,771
Management fees	4,756	8,857	16,069	29,682	5,721	10,776	19,463	35,960
Professional fees	-	4,956	5,115	10,071	-	147	3,775	3,922
Miscellaneous	671	2,060	6,156	8,887	48	70	906	1,024
Interest - amortization of debt issuance costs	-	2,542	-	2,542	-	2,542	-	2,542
Total operating expenses before depreciation and amortization	134,184	198,760	434,182	767,126	123,015	215,325	468,149	806,489
Depreciation and amortization	37,202	130,733	137,494	305,429	36,837	137,219	137,229	311,285
Total operating expenses	171,386	329,493	571,676	1,072,555	159,852	352,544	605,378	1,117,774
Changes in net assets from operations	(44,070)	(111,210)	(28,695)	(183,975)	(49,386)	(77,392)	(79,713)	(206,491)
<b>Non-Operating Activities:</b>								
Forgiveness of debt	5,195	-	-	5,195	5,195	-	-	5,195
Deferred interest expense	-	-	(72,414)	(72,414)	-	-	(73,179)	(73,179)
Changes in net assets	(38,875)	(111,210)	(101,109)	(251,194)	(44,191)	(77,392)	(152,892)	(274,475)
<b>Net Assets:</b>								
Beginning of year	(116,149)	(924,374)	(1,421,720)	(2,462,243)	(71,958)	(846,982)	(1,268,828)	(2,187,768)
End of year	\$ (155,024)	\$ (1,035,584)	\$ (1,522,829)	\$ (2,713,437)	\$ (116,149)	\$ (924,374)	\$ (1,421,720)	\$ (2,462,243)