



# **HOUSING FAMILIES AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
JUNE 30, 2024 AND 2023**

## HOUSING FAMILIES INC. AND AFFILIATES

Contents  
June 30, 2024 and 2023

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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, 2024 and 2023, 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 accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of Housing Families Inc. and Affiliates as of June 30, 2024 and 2023, 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, 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**

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, 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 - rental properties and statements of activities and changes in net assets - rental properties 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 - rental properties and statements of activities and changes in net assets - rental properties shown on pages 26 and 27 are fairly stated in all material respects in relation to the consolidating financial statements as a whole.

*AAFCPAs, Inc.*

Westborough, Massachusetts  
November 12, 2024

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Financial Position

June 30, 2024

(With Summarized Comparative Totals as of June 30, 2023)

Assets	2024			2023	
	Housing Families Inc.	Rental Properties (Exhibit A)	Eliminations	Total	Total
<b>Current Assets:</b>					
Cash	\$ 3,229,581	\$ 444,381	\$ -	\$ 3,673,962	\$ 760,508
Accounts and pledges receivable	4,299,415	21,343	-	4,320,758	3,017,797
Prepaid expenses and other	127,408	-	-	127,408	83,125
Due from affiliates	1,126,246	589,965	(1,716,211)	-	-
Total current assets	<u>8,782,650</u>	<u>1,055,689</u>	<u>(1,716,211)</u>	<u>8,122,128</u>	<u>3,861,430</u>
<b>Reserves and Deposits:</b>					
Operating reserves	-	229,878	-	229,878	228,814
Reserves for replacements	-	140,821	-	140,821	154,729
Security deposits	-	37,310	-	37,310	33,229
Total reserves and deposits	<u>-</u>	<u>408,009</u>	<u>-</u>	<u>408,009</u>	<u>416,772</u>
<b>Other Assets:</b>					
Property and equipment, net	67,594	5,956,910	(49,271)	5,975,233	6,258,304
Right-of-use asset - operating	303,187	-	-	303,187	516,523
Notes receivable from affiliate, net	1,422,517	-	(1,422,517)	-	-
Total other assets	<u>1,793,298</u>	<u>5,956,910</u>	<u>(1,471,788)</u>	<u>6,278,420</u>	<u>6,774,827</u>
Total assets	<u>\$ 10,575,948</u>	<u>\$ 7,420,608</u>	<u>\$ (3,187,999)</u>	<u>\$ 14,808,557</u>	<u>\$ 11,053,029</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current portion of long-term debt and accrued interest	\$ -	\$ 873,079	\$ -	\$ 873,079	\$ 125,047
Current portion of contingent debt and deferred interest	-	1,422,517	(1,422,517)	-	-
Finance lease obligation	-	-	-	-	14,023
Current portion of lease liability - operating	205,190	-	-	205,190	216,760
Due to affiliates	646,530	1,069,681	(1,716,211)	-	-
Accounts payable	672,192	59,304	-	731,496	352,739
Accrued expenses	509,518	20,218	-	529,736	388,735
Total current liabilities	<u>2,033,430</u>	<u>3,444,799</u>	<u>(3,138,728)</u>	<u>2,339,501</u>	<u>1,097,304</u>
<b>Long-Term Liabilities:</b>					
Security deposits payable	-	37,310	-	37,310	33,229
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	-	1,141,063	-	1,141,063	2,017,891
Lease liability - operating, net of current portion	94,754	-	-	94,754	299,944
Contingent debt and deferred interest	-	5,676,046	-	5,676,046	5,611,372
Total long-term liabilities	<u>94,754</u>	<u>6,854,419</u>	<u>-</u>	<u>6,949,173</u>	<u>7,962,436</u>
Total liabilities	<u>2,128,184</u>	<u>10,299,218</u>	<u>(3,138,728)</u>	<u>9,288,674</u>	<u>9,059,740</u>
<b>Net Assets</b>					
<b>Without donor restrictions:</b>					
Operating	6,835,410	136,364	-	6,971,774	3,266,926
Property and equipment	70,837	(3,014,974)	1,373,246	(1,570,891)	(1,298,637)
Housing development	1,422,517	-	(1,422,517)	-	-
Total without donor restrictions	<u>8,328,764</u>	<u>(2,878,610)</u>	<u>(49,271)</u>	<u>5,400,883</u>	<u>1,968,289</u>
With donor restrictions	119,000	-	-	119,000	25,000
Total net assets	<u>8,447,764</u>	<u>(2,878,610)</u>	<u>(49,271)</u>	<u>5,519,883</u>	<u>1,993,289</u>
Total liabilities and net assets	<u>\$ 10,575,948</u>	<u>\$ 7,420,608</u>	<u>\$ (3,187,999)</u>	<u>\$ 14,808,557</u>	<u>\$ 11,053,029</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, 2023

<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	\$ 600,370	\$ 160,138	\$ -	\$ 760,508
Accounts and pledges receivable	2,987,699	30,098	-	3,017,797
Prepaid expenses and other	83,125	-	-	83,125
Due from affiliates	837,139	487,356	(1,324,495)	-
Total current assets	4,508,333	677,592	(1,324,495)	3,861,430
<b>Reserves and Deposits:</b>				
Operating reserves	-	228,814	-	228,814
Reserves for replacements	-	154,729	-	154,729
Security deposits	-	33,229	-	33,229
Total reserves and deposits	-	416,772	-	416,772
<b>Other Assets:</b>				
Property and equipment, net	45,976	6,263,846	(51,518)	6,258,304
Right-of-use asset - operating	516,523	-	-	516,523
Notes receivable from affiliate, net	1,422,517	-	(1,422,517)	-
Total other assets	1,985,016	6,263,846	(1,474,035)	6,774,827
Total assets	\$ 6,493,349	\$ 7,358,210	\$ (2,798,530)	\$ 11,053,029
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities:</b>				
Current portion of long-term debt and accrued interest	\$ -	\$ 125,047	\$ -	\$ 125,047
Current portion of contingent debt and deferred interest	-	1,422,517	(1,422,517)	-
Finance lease obligations	14,023	-	-	14,023
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
Accrued expenses	387,379	1,356	-	388,735
Total current liabilities	1,435,161	2,409,155	(2,747,012)	1,097,304
<b>Long-Term Liabilities:</b>				
Security deposits payable	-	33,229	-	33,229
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	-	2,017,891	-	2,017,891
Lease liability - operating, net of current portion	299,944	-	-	299,944
Contingent debt and deferred interest	-	5,611,372	-	5,611,372
Total long-term liabilities	299,944	7,662,492	-	7,962,436
Total liabilities	1,735,105	10,071,647	(2,747,012)	9,059,740
<b>Net Assets:</b>				
<b>Without donor restrictions:</b>				
Operating	3,278,955	(12,029)	-	3,266,926
Property and equipment	31,772	(2,701,408)	1,370,999	(1,298,637)
Housing development	1,422,517	-	(1,422,517)	-
Total without donor restrictions	4,733,244	(2,713,437)	(51,518)	1,968,289
<b>With donor restrictions</b>				
	25,000	-	-	25,000
Total net assets	4,758,244	(2,713,437)	(51,518)	1,993,289
Total liabilities and net assets	\$ 6,493,349	\$ 7,358,210	\$ (2,798,530)	\$ 11,053,029

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, 2024  
 (With Summarized Comparative Totals for the Year Ended June 30, 2023)

	2024			2023	
	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	\$ 28,663,305	\$ -	\$ -	\$ 28,663,305	\$ 13,101,898
Rental income, net of vacancies	146,453	1,170,513	(110,100)	1,206,866	860,518
Grants and contributions	853,111	-	-	853,111	837,744
Donated goods and services	122,619	-	-	122,619	31,192
Management fees and other	45,727	18,591	(35,960)	28,358	204,065
Net assets released from purpose restrictions	25,000	-	-	25,000	86,870
Total operating support and revenues	29,856,215	1,189,104	(146,060)	30,899,259	15,122,287
Operating expenses:					
Program services	23,555,907	-	(104,619)	23,451,288	10,973,534
General and administrative	2,208,181	-	(2,131)	2,206,050	1,672,470
Fundraising	477,587	-	(3,350)	474,237	308,523
Rental Properties	-	982,667	(35,960)	946,707	737,444
Total operating expenses before depreciation and amortization	26,241,675	982,667	(146,060)	27,078,282	13,691,971
Depreciation and amortization	19,020	306,936	(2,247)	323,709	327,150
Total operating expenses	26,260,695	1,289,603	(148,307)	27,401,991	14,019,121
Changes in net assets without donor restrictions from operations	3,595,520	(100,499)	2,247	3,497,268	1,103,166
Non-operating activities:					
Forgiveness of debt	-	5,195	-	5,195	5,195
Deferred interest expense	-	(69,869)	-	(69,869)	(72,414)
Changes in net assets without donor restrictions	3,595,520	(165,173)	2,247	3,432,594	1,035,947
<b>Changes in Net Assets With Donor Restrictions:</b>					
Contributions	119,000	-	-	119,000	25,000
Net assets released from purpose restrictions	(25,000)	-	-	(25,000)	(86,870)
Changes in net assets with donor restrictions	94,000	-	-	94,000	(61,870)
Changes in net assets	3,689,520	(165,173)	2,247	3,526,594	974,077
<b>Net Assets:</b>					
Beginning of year	4,758,244	(2,713,437)	(51,518)	1,993,289	1,019,212
End of year	\$ 8,447,764	\$ (2,878,610)	\$ (49,271)	\$ 5,519,883	\$ 1,993,289

**HOUSING FAMILIES INC. AND AFFILIATES**

 Consolidating Statement of Activities and Changes in Net Assets  
 For the Year Ended June 30, 2023

	<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	\$ 13,101,898	\$ -	\$ -	\$ 13,101,898
Rental income, net of vacancies	106,892	879,746	(126,120)	860,518
Grants and contributions	837,744	-	-	837,744
Donated goods and services	31,192	-	-	31,192
Management fees and other	224,913	8,834	(29,682)	204,065
Net assets released from program restrictions	86,870	-	-	86,870
	<u>14,389,509</u>	<u>888,580</u>	<u>(155,802)</u>	<u>15,122,287</u>
Operating expenses:				
Program services	11,094,173	-	(120,639)	10,973,534
General and administrative	1,674,601	-	(2,131)	1,672,470
Fundraising	311,873	-	(3,350)	308,523
Rental Properties	-	767,126	(29,682)	737,444
	<u>13,080,647</u>	<u>767,126</u>	<u>(155,802)</u>	<u>13,691,971</u>
Depreciation and amortization	23,968	305,429	(2,247)	327,150
	<u>13,104,615</u>	<u>1,072,555</u>	<u>(158,049)</u>	<u>14,019,121</u>
Changes in net assets without donor restrictions from operations	1,284,894	(183,975)	2,247	1,103,166
Non-operating activities:				
Forgiveness of debt	-	5,195	-	5,195
Deferred interest expense	-	(72,414)	-	(72,414)
Changes in net assets without donor restrictions	<u>1,284,894</u>	<u>(251,194)</u>	<u>2,247</u>	<u>1,035,947</u>
<b>Changes in Net Assets With Donor Restrictions:</b>				
Contributions	25,000	-	-	25,000
Net assets released from purpose restrictions	(86,870)	-	-	(86,870)
Changes in net assets with donor restrictions	<u>(61,870)</u>	<u>-</u>	<u>-</u>	<u>(61,870)</u>
Changes in net assets	1,223,024	(251,194)	2,247	974,077
<b>Net Assets:</b>				
Beginning of year	<u>3,535,220</u>	<u>(2,462,243)</u>	<u>(53,765)</u>	<u>1,019,212</u>
End of year	<u>\$ 4,758,244</u>	<u>\$ (2,713,437)</u>	<u>\$ (51,518)</u>	<u>\$ 1,993,289</u>

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Cash Flows  
For the Year Ended June 30, 2024

	<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	\$ 3,689,520	\$ (165,173)	\$ 2,247	\$ 3,526,594
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	19,020	306,936	(2,247)	323,709
Interest - amortization of debt issuance costs	-	6,475	-	6,475
Forgiveness of debt	-	(5,195)	-	(5,195)
Deferred interest	-	69,869	-	69,869
Non-cash lease expense	(3,424)	-	-	(3,424)
Changes in operating assets and liabilities:				
Accounts and pledges receivable	(1,311,716)	8,755	-	(1,302,961)
Prepaid expenses and other	(44,283)	-	-	(44,283)
Due to/from affiliates	(148,915)	148,915	-	-
Accounts payable	361,531	17,226	-	378,757
Accrued expenses	122,139	18,862	-	141,001
Security deposits payable	-	4,081	-	4,081
Net cash provided by operating activities	<u>2,683,872</u>	<u>410,751</u>	<u>-</u>	<u>3,094,623</u>
<b>Cash Flows from Investing Activities:</b>				
Purchases of property and equipment	<u>(40,638)</u>	<u>-</u>	<u>-</u>	<u>(40,638)</u>
<b>Cash Flows from Financing Activities:</b>				
Principal payments on long-term debt	-	(135,271)	-	(135,271)
Principal payments on finance lease obligations	<u>(14,023)</u>	<u>-</u>	<u>-</u>	<u>(14,023)</u>
Net cash used in financing activities	<u>(14,023)</u>	<u>(135,271)</u>	<u>-</u>	<u>(149,294)</u>
<b>Net Change in Cash and Restricted Cash</b>	2,629,211	275,480	-	2,904,691
<b>Cash and Restricted Cash:</b>				
Beginning of year	<u>600,370</u>	<u>576,910</u>	<u>-</u>	<u>1,177,280</u>
End of year	<u>\$ 3,229,581</u>	<u>\$ 852,390</u>	<u>\$ -</u>	<u>\$ 4,081,971</u>
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statements of Financial Position:</b>				
Cash	\$ 3,229,581	\$ 444,381	\$ -	\$ 3,673,962
Operating reserves	-	229,878	-	229,878
Reserves for replacements	-	140,821	-	140,821
Security deposits	<u>-</u>	<u>37,310</u>	<u>-</u>	<u>37,310</u>
Total cash and restricted cash	<u>\$ 3,229,581</u>	<u>\$ 852,390</u>	<u>\$ -</u>	<u>\$ 4,081,971</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>				
Cash paid for interest	<u>\$ -</u>	<u>\$ 82,423</u>	<u>\$ -</u>	<u>\$ 82,423</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>

**HOUSING FAMILIES INC. AND AFFILIATES**

Consolidating Statement of Functional Expenses

For the Year Ended June 30, 2024

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

	2024							2023	
	Housing Families Inc.								
	Support Services				Rental Properties				
	Program Services	General and Administrative	Fundraising	Total Support Services	Total	(Exhibit B)	Eliminations	Total	
<b>Personnel and Related Costs:</b>									
Salaries	\$ 5,083,924	\$ 932,508	\$ 255,940	\$ 1,188,448	\$ 6,272,372	\$ 82,013	\$ -	\$ 6,354,385	\$ 4,332,002
Payroll taxes and benefits	841,324	231,373	41,393	272,766	1,114,090	-	-	1,114,090	679,394
Contract labor	120,504	353,140	37,411	390,551	511,055	-	-	511,055	493,908
Total personnel and related costs	6,045,752	1,517,021	334,744	1,851,765	7,897,517	82,013	-	7,979,530	5,505,304
<b>Occupancy:</b>									
Rent	13,588,512	167,331	-	167,331	13,755,843	-	(110,100)	13,645,743	5,354,236
Repairs and maintenance	373,429	1,132	-	1,132	374,561	384,202	-	758,763	522,256
Utilities	230,275	7,979	-	7,979	238,254	225,270	-	463,524	424,078
Taxes and insurance	-	-	-	-	-	130,017	-	130,017	111,890
Interest	-	-	-	-	-	82,423	-	82,423	88,292
Total occupancy	14,192,216	176,442	-	176,442	14,368,658	821,912	(110,100)	15,080,470	6,500,752
<b>Other:</b>									
Training, travel and meals	2,505,818	26,746	6,284	33,030	2,538,848	-	-	2,538,848	149,482
Professional fees	131,351	184,653	43,413	228,066	359,417	9,937	-	369,354	368,573
Office supplies and equipment	116,532	75,598	60,452	136,050	252,582	23,631	-	276,213	181,927
Non-capital equipment	172,436	57,419	17,592	75,011	247,447	-	-	247,447	315,406
Miscellaneous	63,259	87,694	9,554	97,248	160,507	2,739	-	163,246	100,945
Donated goods and services	80,372	40,400	1,847	42,247	122,619	-	-	122,619	31,192
Direct client assistance	115,600	-	-	-	115,600	-	-	115,600	242,010
Insurance	73,412	3,615	2,430	6,045	79,457	-	-	79,457	149,469
Telephone	25,362	24,583	1,026	25,609	50,971	-	-	50,971	100,236
Vehicle costs	33,797	14,010	245	14,255	48,052	-	-	48,052	44,133
Interest - amortization of debt issuance costs	-	-	-	-	-	6,475	-	6,475	2,542
Management fees	-	-	-	-	-	35,960	(35,960)	-	-
Total other	3,317,939	514,718	142,843	657,561	3,975,500	78,742	(35,960)	4,018,282	1,685,915
Total expenses before depreciation and amortization	23,555,907	2,208,181	477,587	2,685,768	26,241,675	982,667	(146,060)	27,078,282	13,691,971
<b>Depreciation and Amortization</b>	9,363	9,657	-	9,657	19,020	306,936	(2,247)	323,709	327,150
Total expenses	\$ 23,565,270	\$ 2,217,838	\$ 477,587	\$ 2,695,425	\$ 26,260,695	\$ 1,289,603	\$ (148,307)	\$ 27,401,991	\$ 14,019,121

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

	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	\$ 3,499,396	\$ 581,182	\$ 175,389	\$ 756,571	\$ 4,255,967	\$ 76,035	\$ -	\$ 4,332,002
Payroll taxes and benefits	512,262	141,345	25,787	167,132	679,394	-	-	679,394
Contract labor	25,078	465,555	3,275	468,830	493,908	-	-	493,908
Total personnel and related costs	<u>4,036,736</u>	<u>1,188,082</u>	<u>204,451</u>	<u>1,392,533</u>	<u>5,429,269</u>	<u>76,035</u>	<u>-</u>	<u>5,505,304</u>
<b>Occupancy:</b>								
Rent	5,423,707	33,382	23,267	56,649	5,480,356	-	(126,120)	5,354,236
Repairs and maintenance	308,090	10,850	-	10,850	318,940	203,316	-	522,256
Utilities	212,324	10,383	-	10,383	222,707	201,371	-	424,078
Taxes and insurance	-	-	-	-	-	111,890	-	111,890
Interest	-	-	-	-	-	88,292	-	88,292
Total occupancy	<u>5,944,121</u>	<u>54,615</u>	<u>23,267</u>	<u>77,882</u>	<u>6,022,003</u>	<u>604,869</u>	<u>(126,120)</u>	<u>6,500,752</u>
<b>Other:</b>								
Training, travel and meals	105,787	41,415	2,280	43,695	149,482	-	-	149,482
Professional fees	122,751	196,461	39,290	235,751	358,502	10,071	-	368,573
Office supplies and equipment	97,788	46,413	2,686	49,099	146,887	35,040	-	181,927
Non-capital equipment	246,801	50,798	17,807	68,605	315,406	-	-	315,406
Miscellaneous	53,738	25,643	12,677	38,320	92,058	8,887	-	100,945
Donated goods and services	20,192	11,000	-	11,000	31,192	-	-	31,192
Direct client assistance	242,010	-	-	-	242,010	-	-	242,010
Insurance	128,978	16,251	4,240	20,491	149,469	-	-	149,469
Telephone	51,356	43,707	5,173	48,880	100,236	-	-	100,236
Vehicle costs	43,915	216	2	218	44,133	-	-	44,133
Interest - amortization of debt issuance costs	-	-	-	-	-	2,542	-	2,542
Management fees	-	-	-	-	-	29,682	(29,682)	-
Total other	<u>1,113,316</u>	<u>431,904</u>	<u>84,155</u>	<u>516,059</u>	<u>1,629,375</u>	<u>86,222</u>	<u>(29,682)</u>	<u>1,685,915</u>
Total expenses before depreciation and amortization	<u>11,094,173</u>	<u>1,674,601</u>	<u>311,873</u>	<u>1,986,474</u>	<u>13,080,647</u>	<u>767,126</u>	<u>(155,802)</u>	<u>13,691,971</u>
<b>Depreciation and Amortization</b>	<u>19,617</u>	<u>4,351</u>	<u>-</u>	<u>4,351</u>	<u>23,968</u>	<u>305,429</u>	<u>(2,247)</u>	<u>327,150</u>
Total expenses	<u>\$ 11,113,790</u>	<u>\$ 1,678,952</u>	<u>\$ 311,873</u>	<u>\$ 1,990,825</u>	<u>\$ 13,104,615</u>	<u>\$ 1,072,555</u>	<u>\$ (158,049)</u>	<u>\$ 14,019,121</u>

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

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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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. HFI serves over 5,000 people per year.

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.

#### 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).

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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. 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 (see Note 13). 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 ASC Topic 842, *Leases*, and is recognized over the rental period. Advance receipts of rental income are classified as liabilities (prepaid rent) until earned.

#### 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 have 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.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leases (Continued)

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 right-of-use (ROU) assets and lease liabilities for its office building. HFI and Affiliates have 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.

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.

#### 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, 2024 and 2023

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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, 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, 2024 and 2023, are purpose restricted.

#### 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, 2024 and 2023.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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. No restrictions were noted in fiscal years 2024 and 2023. 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>2024</u>	<u>2023</u>
Program supplies	\$ 84,619	\$ 28,446
Contracted services	<u>38,000</u>	<u>2,746</u>
	<u>\$ 122,619</u>	<u>\$ 31,192</u>

Donated program supplies are valued at the fair value of the supplies donated. Donated contracted services included in management and general are valued at the standard hourly rates charged for those services provided by the donors.

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.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

#### 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.

#### Advertising

Advertising costs are expensed as incurred. There were no advertising costs during fiscal year 2024 or 2023.

#### 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, 2024 and 2023. 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, 2024 and 2023, Cross Street Realty, Inc. and HFI Properties, Inc. had, for Federal income tax purposes, net operating loss carryforwards of approximately \$1,303,000 and \$1,161,000, 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 \$1,291,000 and \$1,151,000 available to offset future taxable income as of June 30, 2024 and 2023, respectively.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Subsequent Events

Subsequent events have been evaluated through November 12, 2024, 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** (CSLP) 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 2024 and 2023. The unpaid development and overhead fee reimbursements were \$184,872 as of June 30, 2024 and 2023, 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.

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

	<u>2024</u>	<u>2023</u>
CSLP	\$ 19,463	\$ 16,069
MM Homes	10,776	8,857
HFI Properties	<u>5,721</u>	<u>4,756</u>
	<u>\$ 35,960</u>	<u>\$ 29,682</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidating Entities (Continued)

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>Due To</u>	<u>Due From</u>	<u>2024</u>	<u>2023</u>
HFI	CSLP	\$ 623,563	\$ 490,660
HFI	MM Homes	357,322	246,749
HFI	HFI Properties	145,361	99,730
HFI Properties	MM Homes	33,433	14,628
HFI Properties	HFI	30,280	4,105
MM Homes	CSLP	43,995	48,962
MM Homes	HFI	352,896	272,796
CSLP	HFI Properties	5,782	5,642
CSLP	HFI	<u>273,655</u>	<u>239,738</u>
	Subtotal	1,866,287	1,423,010
	Less - rental property elimination	<u>(82,650)</u>	<u>(69,074)</u>
	Due from Affiliates	<u>\$ 1,783,637</u>	<u>\$ 1,353,936</u>

HFI has a 5.375% note receivable from CSLP of which \$805,583 has been advanced at June 30, 2024 and 2023. 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 2024 and 2023. Interest compounds annually. This note has been informally extended. For fiscal years 2024 and 2023, deferred interest expense on this loan was \$76,460. This note is secured by a third mortgage on CSLP's property. During fiscal years 2024 and 2023, 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.

Notes receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Interest receivable on sponsor loan	\$ 1,399,107	\$ 1,322,646
Sponsor loan receivable	<u>805,583</u>	<u>805,583</u>
Total notes receivable	2,204,690	2,128,229
Less - reserve on uncollectable amounts	<u>782,174</u>	<u>705,713</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 2024 and 2023.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidating Entities (Continued)

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 \$81,100 and \$96,120 for fiscal years 2024 and 2023, respectively.

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 2024.

A member of HFI's Board of Directors provided \$108,083 and \$20,833 of marketing services for HFI for the years ended June 30, 2024 and 2023, respectively. Another member of HFI's Board of Directors provided \$33,000 of recruitment services as in-kind (see Note 2) for the year ended June 30, 2024.

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:

2024	HFI	Rental Properties	Eliminations	Total
Land	\$ -	\$ 1,285,700	\$ -	\$ 1,285,700
Buildings and improvements	14,900	9,713,119	(525,764)	9,202,255
Furniture and equipment	284,899	120,036	-	404,935
Vehicles	150,181	-	-	150,181
Total cost	449,980	11,118,855	(525,764)	11,043,071
Less - accumulated depreciation	382,386	5,161,945	476,493	5,067,838
	<u>\$ 67,594</u>	<u>\$ 5,956,910</u>	<u>\$ (49,271)</u>	<u>\$ 5,975,233</u>
2023	HFI	Rental Properties	Eliminations	Total
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	95,520	-	-	95,520
Total cost	409,342	11,118,855	(525,764)	11,002,433
Less - accumulated depreciation	363,366	4,855,009	474,246	4,744,129
	<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, 2024 and 2023

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### 4. PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense during fiscal years 2024 and 2023 was \$323,709 and \$327,150, 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, 2024 and 2023, HFI has not recognized any reduction in the carrying value of its property and equipment under these standards.

HFI currently had equipment and vehicles under various finance lease agreements with a total cost of \$87,885 as of June 30, 2023 (see Note 8). Depreciation expense for fiscal year 2023 for assets under finance lease was \$15,344. As of June 30, 2023, accumulated depreciation was \$73,934. The equipment and vehicles under the various finance lease agreements were through May 2024, and were not renewed in fiscal year 2024 (see Note 8).

### 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% (9% and 8.75% at June 30, 2024 and 2023, 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, 2024 and 2023.

HFI is subject to certain covenants as described in the agreements. HFI was in compliance with these covenants as of June 30, 2024 and 2023.

**HOUSING FAMILIES, INC. AND AFFILIATES**

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

**6. LONG-TERM DEBT**

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Balance	
					2024	2023
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	168,282	225,361
MM Homes	MRA	Mortgage on certain property	2.00%	April 2027	-	13,724
CSLP	Bank	Mortgage on certain property	7.00%	June 2025	796,431	844,507
CSLP	MRA	Mortgage on certain property	4.17%	July 2046	515,581	531,973
					<u>2,014,142</u>	<u>2,149,413</u>
	Less - current portion				873,079	125,047
	Less - unamortized debt issuance costs				-	6,475
					<u>\$ 1,141,063</u>	<u>\$ 2,017,891</u>

Debt issuance costs related to the various notes payable totaling \$33,662 are shown net of accumulated imputed interest of \$27,187 as of June 30, 2023. These costs were fully amortized as of June 30, 2024. 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 \$6,475 and \$2,542 for the years ended June 30, 2024 and 2023, respectively.

Aggregate maturities of long-term debt and accrued interest over the next five years are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>
2025	\$ 873,079
2026	\$ 79,876
2027	\$ 66,623
2028	\$ 18,490
2029	\$ 19,090

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, 2024 and 2023.

**HOUSING FAMILIES, INC. AND AFFILIATES**

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

**7. CONTINGENT DEBT AND DEFERRED INTEREST**

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Principal	
					2024	2023
HFI Properties	Commonwealth of MA Executive Office of Housing and 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	5,195	10,390
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>5,273,383</u>	<u>5,278,578</u>
	Plus - deferred interest				1,825,180	1,755,311
	Less - elimination				<u>1,422,517</u>	<u>1,422,517</u>
	Total contingent debt and deferred interest, net of current portion and elimination				<u>\$ 5,676,046</u>	<u>\$ 5,611,372</u>

Deferred interest consists of the following as of June 30:

	2024	2023
EOHLC note (see above)	\$ 971,891	\$ 902,022
Related party note, net (see above and Note 3)	616,934	616,934
MRA note (see Note 6)	236,355	236,355
	<u>\$ 1,825,180</u>	<u>\$ 1,755,311</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.

\* HFI is in process of assessing overall refinancing opportunities for this property.

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, 2024 and 2023.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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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. The total expense for short-term leases was \$13,404,324 and \$5,090,903 for fiscal years 2024 and 2023, respectively.

#### Operating Leases

##### *Facility Leases*

HFI leases space under two operating lease agreements expiring through March 2026. Under the lease agreements, HFI pays monthly rent that increases annually as defined in the lease agreement. HFI paid monthly lease payments ranging approximately from \$15,000 to \$18,000 per month during fiscal years 2024 and 2023. Rent expense under the facility lease was \$224,672 and \$215,377 for fiscal years ended June 30, 2024 and 2023, 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 \$16,747 and \$25,136 for the years ended June 30, 2024 and 2023, respectively, and are included in occupancy in the accompanying consolidating statements of functional expenses.

##### *Vehicle Leases*

HFI leases two vehicles under operating leases expiring through May 2024. Expenses under these leases were \$14,023 and \$15,939 for the years ended June 30, 2024 and 2023, 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>	
2025	\$ 205,190
2026	<u>100,779</u>
Total future undiscounted lease payments	305,969
Less - present value discount	6,025
Less - current portion	<u>205,190</u>
Lease liability - operating, net of current portion	<u>\$ 94,754</u>

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

	<u>2024</u>	<u>2023</u>
<b>Weighted-Average Remaining Lease Term (Years):</b>		
Operating lease	1.43 years	2.35 years
<b>Weighted-Average Discount Rate:</b>		
Operating lease	2.85%	2.85%

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 8. LEASES (Continued)

#### Finance Lease

HFI leases contained certain equipment (see Note 4) under various finance lease agreements with a 2.1% interest rate through May 2024. There were no further leases entered into after May 2024.

The following summarized cash flow information related to leases for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in measurement of operating lease liabilities	\$ 228,095	\$ 231,275
Cash paid for amounts included in measurement of finance lease liabilities	\$ 14,024	\$ 17,401

### 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 deposits to this account. There were no withdrawals during fiscal years 2024 and 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. Withdrawals from this account during fiscal years 2024 and 2023 were properly approved. The reserve was not adequately funded as of June 30, 2024 and 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. There were no withdrawals during fiscal year 2024 and 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.

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 as of June 30, 2024 and 2023. This account was adequately funded as of June 30, 2024 and 2023.

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 10. FUNDING

HFI and Affiliates receive a significant portion of their total operating support and revenues without donor restrictions (approximately 84% and 68% during fiscal years 2024 and 2023, respectively) from one funding source under unit-rate and cost-reimbursable contracts. These reimbursements are subject to audit by the funding source. 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, 2024 and 2023, 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 \$426,377 and \$344,200 in rental subsidies and vacancy reimbursements to CSLP during the years ended June 30, 2024 and 2023, 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 which renew annually. Collectively, MHA and MBHP provided \$323,693 and \$238,798 in rental subsidies to HFI Properties and MM Homes during the years ended June 30, 2024 and 2023, respectively.

Approximately 87% and 86% of HFI's accounts and pledges receivable were due from two sources as of June 30, 2024 and 2023, respectively.

### 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 \$25,674 and \$28,492 in fiscal years 2024 and 2023, 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, within one year from the consolidating statements of financial position date, comprise the following at June 30:

	2024			2023		
	Housing Families Inc.	Rental Properties	Total	Housing Families Inc.	Rental Properties	Total
Cash	\$ 3,229,581	\$ 444,381	\$ 3,673,962	\$ 600,370	\$ 160,138	\$ 760,508
Accounts and pledges receivable	<u>4,299,415</u>	<u>21,343</u>	<u>4,320,758</u>	<u>2,987,699</u>	<u>30,098</u>	<u>3,017,797</u>
	7,528,996	465,724	7,994,720	3,588,069	190,236	3,778,305
Less - donor restricted cash	<u>119,000</u>	<u>-</u>	<u>119,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
	<u>\$ 7,409,996</u>	<u>\$ 465,724</u>	<u>\$ 7,875,720</u>	<u>\$ 3,563,069</u>	<u>\$ 190,236</u>	<u>\$ 3,753,305</u>

## HOUSING FAMILIES INC. AND AFFILIATES

Notes to Consolidating Financial Statements  
June 30, 2024 and 2023

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### 12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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 recognize these grants and contributions when donor-imposed conditions are met.

Conditional promises to give at June 30, 2024 and 2023, consist of:

	<u>2024</u>	<u>2023</u>
Measurable performance barriers	\$ 1,475,608	\$ 3,029,646
Incurring qualifying expense	<u>-</u>	<u>716,031</u>
Total conditional promises to give	<u>\$ 1,475,608</u>	<u>\$ 3,745,677</u>

Conditional grants and contributions consisted of \$1,475,608 and \$3,745,667 for the years ended June 30, 2024 and 2023, 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 2023 consolidating financial statements were reclassified to conform with the fiscal year 2024 presentation.

## HOUSING FAMILIES INC. AND AFFILIATES

Statements of Financial Position - Rental Properties  
June 30, 2024 and 2023

Assets	2024					2023				
	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
Current Assets:										
Cash	\$ 3,194	\$ 209,057	\$ 232,130	\$ -	\$ 444,381	\$ 1,921	\$ 99,656	\$ 58,561	\$ -	\$ 160,138
Accounts receivable	363	290	20,690	-	21,343	9,118	290	20,690	-	30,098
Due from affiliates	30,280	363,458	278,879	(82,652)	589,965	4,105	307,130	245,195	(69,074)	487,356
Total current assets	33,837	572,805	531,699	(82,652)	1,055,689	15,144	407,076	324,446	(69,074)	677,592
Reserves and Deposits:										
Operating reserve	44,761	-	185,117	-	229,878	43,697	-	185,117	-	228,814
Reserves for replacements	47,094	60,210	33,517	-	140,821	61,013	60,204	33,512	-	154,729
Security deposits	6,053	10,062	21,195	-	37,310	3,952	8,061	21,216	-	33,229
Total reserves and deposits	97,908	70,272	239,829	-	408,009	108,662	68,265	239,845	-	416,772
Other Assets:										
Property and equipment, net	1,134,985	1,269,589	3,552,336	-	5,956,910	1,172,370	1,400,322	3,691,154	-	6,263,846
Total assets	\$ 1,266,730	\$ 1,912,666	\$ 4,323,864	\$ (82,652)	\$ 7,420,608	\$ 1,296,176	\$ 1,875,663	\$ 4,255,445	\$ (69,074)	\$ 7,358,210
<b>Liabilities and Net Assets</b>										
Current Liabilities:										
Current portion of long-term debt and accrued interest	\$ 59,759	\$ -	\$ 813,320	\$ -	\$ 873,079	\$ 57,205	\$ 4,307	\$ 63,535	\$ -	\$ 125,047
Current portion of contingent debt	-	-	1,422,517	-	1,422,517	-	-	1,422,517	-	1,422,517
Due to affiliates	116,223	366,692	669,418	(82,652)	1,069,681	89,630	256,119	541,482	(69,074)	818,157
Accounts payable	13,396	1,426	44,482	-	59,304	13,019	857	28,202	-	42,078
Accrued expenses	9,971	2,827	7,420	-	20,218	-	1,356	-	-	1,356
Total current liabilities	199,349	370,945	2,957,157	(82,652)	3,444,799	159,854	262,639	2,055,736	(69,074)	2,409,155
Long-Term Liabilities:										
Security deposits payable	6,053	10,062	21,195	-	37,310	3,952	8,061	21,216	-	33,229
Long-term debt, accrued interest and unamortized debt issuance costs, net of current portion	642,371	-	498,692	-	1,141,063	702,004	2,942	1,312,945	-	2,017,891
Contingent debt and deferred interest	580,195	2,637,605	2,458,246	-	5,676,046	585,390	2,637,605	2,388,377	-	5,611,372
Total long-term liabilities	1,228,619	2,647,667	2,978,133	-	6,854,419	1,291,346	2,648,608	3,722,538	-	7,662,492
Total liabilities	1,427,968	3,018,612	5,935,290	(82,652)	10,299,218	1,451,200	2,911,247	5,778,274	(69,074)	10,071,647
Net Assets										
Without donor restrictions:										
Operating	(60,992)	201,860	(4,504)	-	136,364	(43,808)	148,744	(60,121)	-	44,815
Property and equipment	(100,246)	(1,307,806)	(1,606,922)	-	(3,014,974)	(111,216)	(1,184,328)	(1,462,708)	-	(2,758,252)
Total net assets	(161,238)	(1,105,946)	(1,611,426)	-	(2,878,610)	(155,024)	(1,035,584)	(1,522,829)	-	(2,713,437)
Total liabilities and net assets	\$ 1,266,730	\$ 1,912,666	\$ 4,323,864	\$ (82,652)	\$ 7,420,608	\$ 1,296,176	\$ 1,875,663	\$ 4,255,445	\$ (69,074)	\$ 7,358,210

## HOUSING FAMILIES INC. AND AFFILIATES

Statements of Activities and Changes in Net Assets - Rental Properties  
For the Years Ended June 30, 2024 and 2023

	2024				2023			
	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	\$ 187,860	\$ 345,166	\$ 637,487	\$ 1,170,513	\$ 118,488	\$ 218,277	\$ 542,981	\$ 879,746
Management fees and other	17,490	1,101	-	18,591	8,828	6	-	8,834
Total operating support and revenues	205,350	346,267	637,487	1,189,104	127,316	218,283	542,981	888,580
<b>Operating Expenses:</b>								
Repairs and maintenance	92,351	105,812	186,039	384,202	45,693	39,682	117,941	203,316
Utilities	29,921	72,352	122,997	225,270	29,354	57,492	114,525	201,371
Taxes and insurance	24,632	43,884	61,501	130,017	23,105	39,751	49,034	111,890
Interest	8,938	311	73,174	82,423	11,256	619	76,417	88,292
Salaries and resident services	12,002	32,005	38,006	82,013	11,127	29,672	35,236	76,035
Management fees	5,721	10,776	19,463	35,960	4,756	8,857	16,069	29,682
Office supplies and equipment	4,972	7,063	11,596	23,631	8,222	13,129	13,689	35,040
Professional fees	-	6,510	3,427	9,937	-	4,956	5,115	10,071
Interest - amortization of debt issuance costs	-	6,475	-	6,475	-	2,542	-	2,542
Miscellaneous	837	708	1,194	2,739	671	2,060	6,156	8,887
Total operating expenses before depreciation and amortization	179,374	285,896	517,397	982,667	134,184	198,760	434,182	767,126
Depreciation and amortization	37,385	130,733	138,818	306,936	37,202	130,733	137,494	305,429
Total operating expenses	216,759	416,629	656,215	1,289,603	171,386	329,493	571,676	1,072,555
Changes in net assets from operations	(11,409)	(70,362)	(18,728)	(100,499)	(44,070)	(111,210)	(28,695)	(183,975)
<b>Non-Operating Activities:</b>								
Forgiveness of debt	5,195	-	-	5,195	5,195	-	-	5,195
Deferred interest expense	-	-	(69,869)	(69,869)	-	-	(72,414)	(72,414)
Changes in net assets	(6,214)	(70,362)	(88,597)	(165,173)	(38,875)	(111,210)	(101,109)	(251,194)
<b>Net Assets:</b>								
Beginning of year	(155,024)	(1,035,584)	(1,522,829)	(2,713,437)	(116,149)	(924,374)	(1,421,720)	(2,462,243)
End of year	\$ (161,238)	\$ (1,105,946)	\$ (1,611,426)	\$ (2,878,610)	\$ (155,024)	\$ (1,035,584)	\$ (1,522,829)	\$ (2,713,437)