



AND AFFILIATES

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

JUST-A-START CORPORATION AND AFFILIATES

Contents
December 31, 2019 and 2018

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50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

Independent Auditor's Report

To the Board of Directors of
Just-A-Start Corporation and Affiliates:

Report on the Consolidating Financial Statements

We have audited the accompanying consolidating financial statements of Just-A-Start Corporation (a Massachusetts corporation, not for profit) (JAS) and Affiliates (collectively, the Agency), which comprise the consolidating statements of financial position as of December 31, 2019 and 2018, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audits. We did not audit the financial statements of the Rental Properties of the Agency, with the exception of JAS Properties (see page 20) and Next Step Housing Corporation, which we audited as of and for the years ended December 31, 2019 and 2018, and Close Building Associates Limited Partnership, which we audited as of and for the year ended December 31, 2019. The remainder of the financial statements of the Rental Properties were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the Rental Properties, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and reports of the other auditors, the consolidating financial statements referred to on page one present fairly, in all material respects, the consolidating financial position of Just-A-Start Corporation and Affiliates as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years the ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplementary information shown on pages 52 through 56 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information related to JAS Properties and Next Step Housing Corporation as of and for the years ended December 31, 2019 and 2018, and the information related to Close Building Associates Limited Partnership as of and for the year ended December 31, 2019, have been subjected to auditing 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 information related to this entity is fairly stated in all material respects to the consolidating financial statements as a whole. In our opinion, the supplementary information which insofar as it relates to the Rental Properties of the Agency, aside from JAS Properties and Next Step Housing Corporation as of and for the years ended December 31, 2019 and 2018, and Close Building Associates Limited Partnership as of and for the year ended December 31, 2019, is based on the reports of other auditors, is fairly stated in all material respects to the consolidating financial statements as a whole.

AAFCPA, Inc.

Boston, Massachusetts
June 10, 2020

JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statements of Financial Position
December 31, 2019 and 2018

Assets	2019				2018			
	Just-A-Start Operating	Rental Properties (Exhibit A)	Eliminations	Total	Just-A-Start Operating	Rental Properties (Exhibit A)	Eliminations	Total
Current Assets:								
Cash and cash equivalents	\$ 8,354,623	\$ 3,359,555	\$ -	\$ 11,714,178	\$ 3,219,844	\$ 2,936,794	\$ -	\$ 6,156,638
Rent receivable	-	198,140	-	198,140	-	633,838	-	633,838
Escrows	-	334,940	-	334,940	-	272,447	-	272,447
Accounts and grants receivable	1,230,381	-	-	1,230,381	1,392,434	-	-	1,392,434
Current portion of notes receivable	218,800	-	-	218,800	231,441	-	-	231,441
Current portion of due from affiliates	2,861,790	-	(2,861,790)	-	1,131,964	-	(1,131,964)	-
Prepaid expenses and other	131,119	164,475	-	295,594	100,660	133,591	-	234,251
Current portion of projects under development	2,053,534	-	-	2,053,534	2,297,817	-	-	2,297,817
Total current assets	14,850,247	4,057,110	(2,861,790)	16,045,567	8,374,160	3,976,670	(1,131,964)	11,218,866
Other Assets:								
Restricted deposits	3,639,660	5,676,491	-	9,316,151	6,415,886	4,522,942	-	10,938,828
Investments in marketable securities	4,371,517	-	-	4,371,517	3,837,331	-	-	3,837,331
Due from affiliates, net of current portion	800,964	2,367,986	(3,168,950)	-	131,533	4,728,616	(4,860,149)	-
Investment in affiliates	48,754	-	(48,754)	-	48,855	-	(48,855)	-
Notes receivable, net of current portion	3,085,624	-	-	3,085,624	3,214,725	-	-	3,214,725
Notes and interest receivable - affiliates, net of valuation allowance	-	-	-	-	460,000	-	(460,000)	-
Projects under development, net of current portion	1,137,318	8,280,389	-	9,417,707	1,239,158	13,121,292	-	14,360,450
Capitalized costs, net	-	676,775	-	676,775	-	876,709	-	876,709
Total other assets	13,083,837	17,001,641	(3,217,704)	26,867,774	15,347,488	23,249,559	(5,369,004)	33,228,043
Property and Equipment, net	836,929	112,609,485	(4,782,116)	108,664,298	808,183	85,209,129	(1,268,529)	84,748,783
Total assets	\$ 28,771,013	\$ 133,668,236	\$ (10,861,610)	\$ 151,577,639	\$ 24,529,831	\$ 112,435,358	\$ (7,769,497)	\$ 129,195,692
Liabilities, Net Assets and Non-Controlling Interests								
Current Liabilities:								
Current portion of long-term debt	\$ 1,892,898	\$ 533,225	\$ -	\$ 2,426,123	\$ 1,557,565	\$ 417,541	\$ -	\$ 1,975,106
Current portion of contingent debt	-	-	-	-	-	112,381	-	112,381
Current portion of accounts payable, accrued expenses and other	2,712,518	4,013,888	-	6,726,406	716,240	4,750,099	-	5,466,339
Current portion of due to affiliates	-	2,861,790	(2,861,790)	-	-	1,131,964	(1,131,964)	-
Total current liabilities	4,605,416	7,408,903	(2,861,790)	9,152,529	2,273,805	6,411,985	(1,131,964)	7,553,826
Long-term Liabilities:								
Accounts payable, accrued expenses and other, net of current portion	185,608	-	-	185,608	-	1,657,229	-	1,657,229
Long-term debt, net	726,794	70,221,679	-	70,948,473	259,305	51,163,215	-	51,422,520
Contractual advances	3,549,424	-	-	3,549,424	3,530,201	-	-	3,530,201
Due to affiliates, net of current portion	2,367,953	901,556	(3,269,509)	-	4,728,615	703,090	(5,431,705)	-
Contingent debt and deferred interest, net of current portion	-	45,387,295	(10,526,436)	34,860,859	460,000	40,970,892	(10,842,866)	30,588,026
Total long-term liabilities	6,829,779	116,510,530	(13,795,945)	109,544,364	8,978,121	94,494,426	(16,274,571)	87,197,976
Total liabilities	11,435,195	123,919,433	(16,657,735)	118,696,893	11,251,926	100,906,411	(17,406,535)	94,751,802
Net Assets and Non-Controlling Interests:								
Without donor restrictions:								
Operating	14,280,565	5,820,470	-	20,101,035	8,963,889	4,812,429	-	13,776,318
Loan capital	384,306	-	-	384,306	476,566	-	-	476,566
Real estate development	1,723,980	-	-	1,723,980	1,676,402	-	-	1,676,402
Property and equipment	322,321	3,928,333	(9,752,163)	(5,501,509)	808,183	6,716,518	(6,357,481)	1,167,220
Total without donor restrictions	16,711,172	9,748,803	(9,752,163)	16,707,812	11,925,040	11,528,947	(6,357,481)	17,096,506
With donor restrictions	624,646	-	-	624,646	1,352,865	-	-	1,352,865
Total Just-A-Start and Affiliates' net assets	17,335,818	9,748,803	(9,752,163)	17,332,458	13,277,905	11,528,947	(6,357,481)	18,449,371
Non-controlling interests	-	-	15,548,288	15,548,288	-	-	15,994,519	15,994,519
Total net assets and non-controlling interests	17,335,818	9,748,803	5,796,125	32,880,746	13,277,905	11,528,947	9,637,038	34,443,890
Total liabilities, net assets and non-controlling interests	\$ 28,771,013	\$ 133,668,236	\$ (10,861,610)	\$ 151,577,639	\$ 24,529,831	\$ 112,435,358	\$ (7,769,497)	\$ 129,195,692

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

JUST-A-START CORPORATION AND AFFILIATES

 Consolidating Statements of Activities
 For the Years Ended December 31, 2019 and 2018

	2019				2018			
	Just-A-Start		Eliminations	Total	Just-A-Start		Eliminations	Total
	Operating	Rental Properties (Exhibit B)			Operating	Rental Properties (Exhibit B)		
Net Assets Without Donor Restrictions:								
Operating revenues:								
Rental income	\$ -	\$ 11,323,302	\$ -	\$ 11,323,302	\$ -	\$ 10,751,904	\$ -	\$ 10,751,904
Government contracts	2,589,111	-	-	2,589,111	2,461,436	-	-	2,461,436
Interest income and other	294,373	283,599	-	577,972	115,931	157,381	(190,958)	82,354
Grants and contributions	559,853	-	-	559,853	916,532	-	-	916,532
Developer and other service fees	4,593,104	-	(4,076,122)	516,982	2,563,086	-	(1,823,994)	739,092
Net assets released from purpose restriction	890,518	-	-	890,518	81,642	-	-	81,642
Total operating revenues	<u>8,926,959</u>	<u>11,606,901</u>	<u>(4,076,122)</u>	<u>16,457,738</u>	<u>6,138,627</u>	<u>10,909,285</u>	<u>(2,014,952)</u>	<u>15,032,960</u>
Operating expenses:								
Education and training	2,020,555	-	-	2,020,555	2,131,934	-	-	2,131,934
Housing resources	1,321,368	-	-	1,321,368	1,282,577	-	-	1,282,577
Real estate development	997,996	-	-	997,996	901,679	-	-	901,679
Rental housing	-	8,818,178	(572,351)	8,245,827	-	8,014,914	(555,465)	7,459,449
General and administrative	1,025,854	-	-	1,025,854	1,029,692	-	-	1,029,692
Fundraising	231,828	-	-	231,828	375,930	-	-	375,930
Total operating expenses before interest - amortization and depreciation and amortization	<u>5,597,601</u>	<u>8,818,178</u>	<u>(572,351)</u>	<u>13,843,428</u>	<u>5,721,812</u>	<u>8,014,914</u>	<u>(555,465)</u>	<u>13,181,261</u>
Interest - amortization	-	177,363	-	177,363	-	93,651	-	93,651
Depreciation and amortization	134,274	3,546,729	-	3,681,003	145,283	3,013,361	-	3,158,644
Total operating expenses	<u>5,731,875</u>	<u>12,542,270</u>	<u>(572,351)</u>	<u>17,701,794</u>	<u>5,867,095</u>	<u>11,121,926</u>	<u>(555,465)</u>	<u>16,433,556</u>
Changes in net assets without donor restrictions from operations	<u>3,195,084</u>	<u>(935,369)</u>	<u>(3,503,771)</u>	<u>(1,244,056)</u>	<u>271,532</u>	<u>(212,641)</u>	<u>(1,459,487)</u>	<u>(1,400,596)</u>
Other income (expense):								
Gain on involuntary conversion	2,143,303	-	-	2,143,303	-	-	-	-
Investment gain (loss)	536,658	-	-	536,658	(157,730)	-	-	(157,730)
Net assets released from capital restriction	-	-	-	-	50,000	-	-	50,000
Forgiveness of debt	-	1,117,209	(1,117,209)	-	-	-	-	-
Recovery of notes and affiliate receivables	169,660	-	(169,660)	-	97,770	-	(97,770)	-
Loss on sale of property	(135,825)	-	-	(135,825)	-	-	-	-
Deferred interest	-	(915,032)	489,726	(425,306)	-	(1,074,451)	524,346	(550,105)
Provision for affiliate financing	(2,603,303)	-	460,000	(2,143,303)	-	-	-	-
Total other income (expense)	<u>110,493</u>	<u>202,177</u>	<u>(337,143)</u>	<u>(24,473)</u>	<u>(9,960)</u>	<u>(1,074,451)</u>	<u>426,576</u>	<u>(657,835)</u>
Changes in net assets without donor restrictions	<u>3,305,577</u>	<u>(733,192)</u>	<u>(3,840,914)</u>	<u>(1,268,529)</u>	<u>261,572</u>	<u>(1,287,092)</u>	<u>(1,032,911)</u>	<u>(2,058,431)</u>
Net Assets With Donor Restrictions:								
Grants and contributions	162,299	-	-	162,299	498,589	-	-	498,589
Net assets released from purpose restrictions	(890,518)	-	-	(890,518)	(131,642)	-	-	(131,642)
Changes in net assets with donor restrictions	<u>(728,219)</u>	<u>-</u>	<u>-</u>	<u>(728,219)</u>	<u>366,947</u>	<u>-</u>	<u>-</u>	<u>366,947</u>
Changes in net assets	<u>2,577,358</u>	<u>(733,192)</u>	<u>(3,840,914)</u>	<u>(1,996,748)</u>	<u>628,519</u>	<u>(1,287,092)</u>	<u>(1,032,911)</u>	<u>(1,691,484)</u>
Changes in Net Assets Attributable to Non-Controlling Interests	<u>-</u>	<u>2,007,041</u>	<u>-</u>	<u>2,007,041</u>	<u>-</u>	<u>1,033,428</u>	<u>-</u>	<u>1,033,428</u>
Changes in net assets attributable to Just-A-Start Corporation	<u>\$ 2,577,358</u>	<u>\$ 1,273,849</u>	<u>\$ (3,840,914)</u>	<u>\$ 10,293</u>	<u>\$ 628,519</u>	<u>\$ (253,664)</u>	<u>\$ (1,032,911)</u>	<u>\$ (658,056)</u>

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

JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statements of Changes in Net Assets
For the Years Ended December 31, 2019 and 2018

	Just-A-Start and Consolidated Entities' Net Assets				Non-Controlling Interest	Total
	Operating	Rental Properties (Exhibit C)	Eliminations	Total		
Net Assets, December 31, 2017	\$ 9,076,172	\$ 7,610,673	\$ 3,698,357	\$ 20,385,202	\$ 5,620,865	\$ 26,006,067
Capital contributions	-	11,464,731	(11,464,731)	-	11,464,731	11,464,731
Changes in net assets	628,519	(1,287,092)	517	(658,056)	(1,033,428)	(1,691,484)
Net asset transfer	419,724	(419,724)	-	-	-	-
Syndication of TCBLLC	2,780,257	(5,352,244)	1,294,212	(1,277,775)	56,513	(1,221,262)
Syndication costs	-	(97,417)	97,417	-	(97,417)	(97,417)
Distributions	373,233	(389,980)	16,747	-	(16,745)	(16,745)
Net Assets, December 31, 2018	13,277,905	11,528,947	(6,357,481)	18,449,371	15,994,519	34,443,890
Capital contributions	-	1,643,707	(1,643,707)	-	1,643,707	1,643,707
Changes in net assets	2,577,358	(733,192)	(1,833,873)	10,293	(2,007,041)	(1,996,748)
Net asset transfer	115,459	(115,459)	-	-	-	-
Syndication of Squirrelwood LLC	411,434	(1,538,640)	-	(1,127,206)	-	(1,127,206)
Syndication costs	-	(50,643)	50,643	-	(50,643)	(50,643)
Distributions	953,662	(985,917)	32,255	-	(32,254)	(32,254)
Net Assets, December 31, 2019	<u>\$ 17,335,818</u>	<u>\$ 9,748,803</u>	<u>\$ (9,752,163)</u>	<u>\$ 17,332,458</u>	<u>\$ 15,548,288</u>	<u>\$ 32,880,746</u>

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

JUST-A-START CORPORATION AND AFFILIATES

 Consolidating Statements of Cash Flows
 For the Years Ended December 31, 2019 and 2018

	2019				2018			
	Just-A-Start		Eliminations	Total	Just-A-Start		Eliminations	Total
	Operating	Rental Properties			Operating	Rental Properties		
Cash Flows from Operating Activities:								
Changes in net assets	\$ 2,577,358	\$ (733,192)	\$ (3,840,914)	\$ (1,996,748)	\$ 628,519	\$ (1,287,092)	\$ (1,032,911)	\$ (1,691,484)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Interest - amortization	-	177,363	-	177,363	-	93,651	-	93,651
Depreciation and amortization	134,274	3,546,729	-	3,681,003	145,283	3,013,361	-	3,158,644
Bad debts	19,375	3,148	-	22,523	11,926	1,150	-	13,076
Gain on involuntary conversion	(2,143,303)	-	-	(2,143,303)	-	-	-	-
Recovery of notes and affiliate receivables	(169,660)	-	169,660	-	(97,770)	-	97,770	-
Loss on sale of property	135,825	-	-	135,825	-	-	-	-
Forgiveness of debt	-	(1,117,209)	1,117,209	-	-	-	-	-
Deferred interest	-	915,032	(489,726)	425,306	-	1,074,451	(524,346)	550,105
Net realized and unrealized (gain) loss on investments	(481,665)	-	-	(481,665)	168,529	-	-	168,529
Provision for affiliate financing	2,603,303	-	(460,000)	2,143,303	-	-	-	-
Changes in operating assets and liabilities:								
Rent receivable	-	432,550	-	432,550	-	(433,266)	-	(433,266)
Accounts and grants receivable	142,678	-	-	142,678	(115,050)	-	-	(115,050)
Due from affiliates	(2,399,257)	2,360,630	38,627	-	1,633,075	97,719	(1,730,794)	-
Prepaid expenses and other	(30,459)	(30,884)	-	(61,343)	(43,573)	(52,028)	-	(95,601)
Accounts payable, accrued expenses and other	38,583	(1,580,386)	-	(1,541,803)	236,963	3,214,566	-	3,451,529
Due to affiliates	(2,360,662)	1,928,292	432,370	-	90,773	(1,919,357)	1,828,584	-
Net cash provided by (used in) operating activities	(1,933,610)	5,902,073	(3,032,774)	935,689	2,658,675	3,803,155	(1,361,697)	5,100,133
Cash Flows from Investing Activities:								
Purchase of property and equipment	(163,020)	(16,974,268)	3,513,587	(13,623,701)	(41,950)	(11,079,534)	1,268,529	(9,852,955)
Proceeds from sale of property	275,000	-	-	275,000	-	-	-	-
Proceeds from sale of investments	849,359	-	-	849,359	229,795	-	-	229,795
Proceeds from gain on involuntary conversion	2,143,303	-	-	2,143,303	-	-	-	-
Investment in affiliate	101	-	(101)	-	35,065	-	(35,065)	-
Cash recovery of notes and developer fees receivable - affiliate	169,660	-	(169,660)	-	97,770	-	(97,770)	-
Purchase of projects under development	(364,702)	(8,166,534)	-	(8,531,236)	(83,528)	(9,991,614)	-	(10,075,142)
Purchase of investments	(901,880)	-	-	(901,880)	(4,235,655)	-	-	(4,235,655)
Net change in notes receivable	141,742	-	-	141,742	321,441	-	-	321,441
Transaction costs for syndication of the Close Building LLC	-	-	-	-	-	(221,262)	-	(221,262)
Transaction costs for syndication of Squirrelwood	-	(122,381)	-	(122,381)	-	-	-	-
Net cash provided by (used in) investing activities	2,149,563	(25,263,183)	3,343,826	(19,769,794)	(3,677,062)	(21,292,410)	1,135,694	(23,833,778)
Cash Flows from Financing Activities:								
Proceeds from long-term debt and contingent debt	1,162,822	42,571,173	(311,053)	43,422,942	109,191	22,708,340	(1,124,724)	21,692,807
Debt issuance costs	-	(255,536)	-	(255,536)	-	(445,675)	-	(445,675)
Increase in contractual advance	19,223	-	-	19,223	23,077	-	-	23,077
Principal payments of long-term debt and contingent debt	(520,000)	(18,142,154)	-	(18,662,154)	(1,151,868)	(7,998,695)	-	(9,150,563)
Capitalized costs	-	(605,292)	-	(605,292)	-	-	-	-
Syndication costs	-	(50,643)	-	(50,643)	-	(97,417)	-	(97,417)
Advance from investor member	-	-	-	-	-	1,643,707	-	1,643,707
Capital contributions	-	-	-	-	-	9,329,481	-	9,329,481
Cash transfer	115,459	(115,459)	-	-	-	-	-	-
Distributions - CBALP	-	-	-	-	2,780,257	(5,130,982)	1,350,725	(1,000,000)
Distributions - Squirrelwood	411,434	(1,416,259)	-	(1,004,825)	-	-	-	-
Distributions	953,662	(985,917)	1	(32,254)	373,233	(389,980)	2	(16,745)
Net cash provided by financing activities	2,142,600	20,999,913	(311,052)	22,831,461	2,133,890	19,618,779	226,003	21,978,672
Net Change in Cash, Cash Equivalents and Restricted Cash	2,358,553	1,638,803	-	3,997,356	1,115,503	2,129,524	-	3,245,027
Cash, Cash Equivalents and Restricted Cash:								
Beginning of year	9,635,730	7,732,183	-	17,367,913	8,520,227	5,602,659	-	14,122,886
End of year	\$ 11,994,283	\$ 9,370,986	\$ -	\$ 21,365,269	\$ 9,635,730	\$ 7,732,183	\$ -	\$ 17,367,913
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest	\$ 59,547	\$ 2,321,786	\$ -	\$ 2,381,333	\$ 220	\$ 14,389,286	\$ -	\$ 14,389,506
Supplemental Disclosure of Non-Cash Investing and Financing Transactions:								
Accounts payable, accrued expenses and other converted to equity	\$ -	\$ 1,634,707	\$ -	\$ 1,634,707	\$ -	\$ -	\$ -	\$ -
Projects under development placed in service	\$ -	\$ 13,127,740	\$ -	\$ 13,127,740	\$ -	\$ -	\$ -	\$ -
Property and equipment financed with accounts payable, accrued expenses and other	\$ -	\$ 830,653	\$ -	\$ 830,653	\$ -	\$ -	\$ -	\$ -
Long-term debt converted to equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,135,250	\$ -	\$ 2,135,250

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

JUST-A-START CORPORATION AND AFFILIATES

 Consolidating Statement of Functional Expenses
 For the Year Ended December 31, 2019

	Just-A-Start								
	Program Services			Supporting Services			Rental Properties (Exhibit B)	Eliminations	Total
	Education and Training	Housing Resources	Real Estate Development	General and Administrative	Fundraising	Total			
Personnel and Related:									
Salaries	\$ 1,142,115	\$ 565,506	\$ 578,816	\$ 430,591	\$ 155,450	\$ 2,872,478	\$ -	\$ -	\$ 2,872,478
Contract labor	113,497	60,744	27,536	733	-	202,510	1,455,278	-	1,657,788
Employee benefits	191,296	95,072	77,683	36,173	19,895	420,119	-	-	420,119
Payroll taxes	108,551	53,697	52,704	48,210	14,450	277,612	-	-	277,612
Total personnel and related	<u>1,555,459</u>	<u>775,019</u>	<u>736,739</u>	<u>515,707</u>	<u>189,795</u>	<u>3,772,719</u>	<u>1,455,278</u>	<u>-</u>	<u>5,227,997</u>
Occupancy:									
Interest	-	-	59,547	-	-	59,547	2,321,786	-	2,381,333
Utilities	17,304	2,646	6,698	3,667	-	30,315	1,169,584	-	1,199,899
Contracted services	-	-	-	-	-	-	1,594,723	(458,183)	1,136,540
Repairs and maintenance	1,857	-	-	2,821	-	4,678	382,197	-	386,875
Insurance	13,795	-	889	24,600	-	39,284	345,287	-	384,571
Real estate taxes	-	-	31	-	-	31	305,097	-	305,128
Rents	94,585	6,900	45,908	8,921	50	156,364	11,286	-	167,650
Total occupancy	<u>127,541</u>	<u>9,546</u>	<u>113,073</u>	<u>40,009</u>	<u>50</u>	<u>290,219</u>	<u>6,129,960</u>	<u>(458,183)</u>	<u>5,961,996</u>
Other Expenses:									
Professional fees	32,543	8,522	82,801	266,259	11,432	401,557	228,019	-	629,576
Management fees	-	-	-	-	-	-	661,003	(114,168)	546,835
Program and client expenses	77,938	443,240	180	303	-	521,661	-	-	521,661
Office and other	97,859	14,512	27,124	76,895	23,105	239,495	164,460	-	403,955
Miscellaneous	19,120	19,371	24,198	78,068	6,397	147,154	105,960	-	253,114
Telephone and communications	51,492	20,283	13,881	48,613	1,049	135,318	70,350	-	205,668
Grant expense	27,077	11,500	-	-	-	38,577	-	-	38,577
Vehicle	31,526	-	-	-	-	31,526	-	-	31,526
Bad debts	-	19,375	-	-	-	19,375	3,148	-	22,523
Total other expenses	<u>337,555</u>	<u>536,803</u>	<u>148,184</u>	<u>470,138</u>	<u>41,983</u>	<u>1,534,663</u>	<u>1,232,940</u>	<u>(114,168)</u>	<u>2,653,435</u>
Total expenses before interest - amortization and depreciation and amortization	2,020,555	1,321,368	997,996	1,025,854	231,828	5,597,601	8,818,178	(572,351)	13,843,428
Interest - Amortization	-	-	-	-	-	-	177,363	-	177,363
Depreciation and Amortization	69,792	-	-	64,482	-	134,274	3,546,729	-	3,681,003
Total expenses	<u>\$ 2,090,347</u>	<u>\$ 1,321,368</u>	<u>\$ 997,996</u>	<u>\$ 1,090,336</u>	<u>\$ 231,828</u>	<u>\$ 5,731,875</u>	<u>\$ 12,542,270</u>	<u>\$ (572,351)</u>	<u>\$ 17,701,794</u>

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

JUST-A-START CORPORATION AND AFFILIATES

 Consolidating Statement of Functional Expenses
 For the Year Ended December 31, 2018

	Just-A-Start								
	Program Services			Supporting Services			Rental Properties (Exhibit B)	Eliminations	Total
	Education and Training	Housing Resources	Real Estate Development	General and Administrative	Fundraising	Total			
Personnel and Related:									
Salaries	\$ 1,310,358	\$ 559,719	\$ 605,252	\$ 378,520	\$ 144,488	\$ 2,998,337	\$ -	\$ -	\$ 2,998,337
Contract labor	57,295	27,250	-	732	-	85,277	1,613,810	-	1,699,087
Employee benefits	166,400	77,556	79,471	83,023	16,883	423,333	-	-	423,333
Payroll taxes	116,281	51,419	52,028	46,110	14,315	280,153	-	-	280,153
Total personnel and related	1,650,334	715,944	736,751	508,385	175,686	3,787,100	1,613,810	-	5,400,910
Occupancy:									
Interest	-	220	-	-	-	220	1,438,286	-	1,438,506
Utilities	15,800	3,461	546	3,808	-	23,615	1,258,075	-	1,281,690
Contracted services	-	-	-	-	-	-	1,434,408	(433,877)	1,000,531
Repairs and maintenance	5,142	24	506	4,511	-	10,183	341,943	-	352,126
Insurance	14,449	-	790	21,710	-	36,949	329,989	-	366,938
Real estate taxes	-	-	-	-	-	-	323,078	-	323,078
Rents	91,115	6,462	37,495	9,343	900	145,315	4,386	-	149,701
Total occupancy	126,506	10,167	39,337	39,372	900	216,282	5,130,165	(433,877)	4,912,570
Other Expenses:									
Professional fees	31,186	63,315	70,911	314,169	47,942	527,523	305,556	-	833,079
Management fees	-	-	-	-	-	-	656,970	(121,588)	535,382
Program and client expenses	121,079	430,075	-	-	621	551,775	-	-	551,775
Office and other	51,798	13,613	7,237	55,930	132,575	261,153	149,903	-	411,056
Miscellaneous	30,566	19,306	20,131	47,936	18,107	136,046	97,477	-	233,523
Telephone and communications	57,329	21,305	15,386	63,900	99	158,019	59,883	-	217,902
Grant expense	33,400	8,852	-	-	-	42,252	-	-	42,252
Vehicle	29,736	-	-	-	-	29,736	-	-	29,736
Bad debts	-	-	11,926	-	-	11,926	1,150	-	13,076
Total other expenses	355,094	556,466	125,591	481,935	199,344	1,718,430	1,270,939	(121,588)	2,867,781
Total expenses before interest - amortization and depreciation and amortization	2,131,934	1,282,577	901,679	1,029,692	375,930	5,721,812	8,014,914	(555,465)	13,181,261
Interest - Amortization	-	-	-	-	-	-	93,651	-	93,651
Depreciation and Amortization	86,287	-	-	58,996	-	145,283	3,013,361	-	3,158,644
Total expenses	\$ 2,218,221	\$ 1,282,577	\$ 901,679	\$ 1,088,688	\$ 375,930	\$ 5,867,095	\$ 11,121,926	\$ (555,465)	\$ 16,433,556

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

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

1. OPERATIONS AND NONPROFIT STATUS

Operations

Founded in 1968, Just-A-Start Corporation (JAS) is a Massachusetts nonprofit community development corporation dedicated to building the housing security and economic stability of low- to moderate-income people in Cambridge, Massachusetts (Cambridge) and nearby communities. Through innovative, comprehensive, and integrated programs, JAS provides and preserves affordable housing, offers education and workforce training for youth and adults, and builds community engagement. JAS's vision is a better future for all of its constituents - a secure home, a sustaining career, and engagement in the community.

JAS's goals are for all of its constituents to have access to:

A Secure Home: Increase housing stability for low- to moderate-income individuals and families. JAS is committed to expanding housing opportunities as a developer and owner of quality affordable housing. JAS also seeks to help local families stabilize and sustain affordable housing and enhance housing safety and quality for long-term housing security.

A Sustainable Career: Build economic resiliency and mobility for low- to moderate-income individuals and families. JAS helps people develop knowledge and marketable skills to take advantage of opportunities for a better future and attain economic stability.

An Engaged Community: Expand leadership opportunities and community engagement for low- to moderate-income individuals and families. JAS empowers people to use their voices and capabilities to strengthen their communities.

JAS is governed by a fifteen member volunteer Board of Directors. The vast majority of Board members are residents of communities served by JAS, including residents of JAS housing, beneficiaries of JAS housing programs, and graduates of JAS education and training programs. JAS's operations are managed by an Executive Director with extensive experience in nonprofit leadership, community development and organizing, affordable housing development, and workforce development. JAS employs approximately forty-five staff members working in Cambridge. JAS's skilled staff includes teachers, case managers, attorneys, trained mediators, real estate development experts, housing project managers, construction managers, social workers, nonprofit management professionals, fundraisers, and financial management professionals. Approximately thirty volunteers serve JAS each year, primarily in its YouthBuild program and VITA tax site. JAS is supported by funding from a variety of public and private sources, grants, contracts, and fees.

JAS operates the following programs:

Rental Housing

Affordable Rental Housing

JAS develops, maintains, and owns 625 units of affordable rental housing for low- to moderate-income tenants in Cambridge and Somerville. JAS has three projects in the pre-development stage expected to add another 220 units to the portfolio.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Operations (Continued)

Real Estate Development

Asset Management

While the portfolio is managed by third-party property management companies, JAS has established an asset management department. This department is responsible for overseeing the property management companies to insure the physical and financial health of the portfolio and corporate facilities.

Homeownership Development

JAS develops homes, usually condominiums, for sale to first-time homebuyers. These units are generally affordable to families earning 60% to 80% of the area's median income. All of these units are sold under an Affordable Housing Agreement with the City of Cambridge (the City), allowing the City to repurchase the units at the time of a future sale at a restricted resale price. JAS has approximately fifteen homeownership units in the pre-development phase.

Condo Resale Program

There are more than 500 homeownership units in the City currently subject to Affordable Housing restrictions, including many developed by JAS. JAS manages the preservation, rehab, and resale when an owner decides to sell their unit. New buyers are selected from the Homeownership Resale Pool, which is administered by the City's Housing Division.

Education and Training

JAS YouthBuild

Following the national YouthBuild model, this comprehensive youth development program for out-of-school youth provides education leading to a high school credential, career exploration and employment and life skills training in a safe, supportive environment. Students in the program spend half their time in educational programs, including counseling and leadership development activities and half of their time learning construction and customer service skills working on professionally-supervised housing renovation projects and retail enterprises.

Summer Youth Program

In partnership with the Cambridge's Mayor's Summer Youth Employment Program, JAS provides high school youth and recent graduates with awareness of and preparation for future sustainable career pathways. Through community service and leadership workshops, youth spend six weeks learning about career and educational options while earning an hourly wage.

Biomedical Careers Program

This tuition-free, nine-month training prepares low- to moderate-income adults for entry-level jobs in the biotechnology, life sciences, and medical research industries. Training includes chemistry, biology, medical terminology, digital literacy, and laboratory skills. Students receive job readiness training and follow up services until they are placed in relevant employment.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Operations (Continued)

Education and Training (Continued)

IT Careers Program

This program trains adults for careers in information technology (IT) in Help Desk User Support roles. Through the nine-month training, students can obtain stackable industry-recognized credentials as well as a Bunker Hill Community College certificate worth 16 college credits. Support services include interview and job-search coaching, financial literacy, and connection to community resources.

Housing Resources

Home Improvement Program

Assists income-qualified Cambridge homeowners and small landlords to undertake and finance essential home improvement projects, including correction of code violations, de-leading, energy efficiency, and modifications for accessibility.

Housing Stabilization and Mediation Services

To avoid evictions, prevent homelessness, and stabilize housing, JAS provides at-risk individuals in Cambridge and surrounding communities with mediation, emergency rental assistance, legal education, and Rapid Re-Housing services. JAS also offers advisory services on finances, management, conflict resolution, and compliance to affordable condo associations in Cambridge.

Resident Services

Two Resident Service Coordinators provide approximately 1,500 residents of JAS's affordable rental properties with the services and connections to help them thrive in their housing.

Financial Opportunity Program

Offers financial education to residents, students, and community members through workshops, one-on-one financial coaching, and free tax preparation.

Nonprofit Status

JAS 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). JAS is also exempt from state income taxes. Contributions are deductible by donors within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

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

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The accompanying consolidating financial statements include the accounts of JAS, its wholly-owned and majority-owned subsidiaries, and certain controlled limited partnerships (LPs), limited liability corporations (LLCs), and nonprofit organizations (NPOs) that own and operate real estate developments sponsored by JAS (see Note 3). All significant intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements. The related organizations are collectively referred to as the Affiliates in the accompanying consolidating financial statements and notes.

Adoption of New Accounting Standards

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 1, 2019, JAS and Affiliates adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019 (the practical expedient elected). Results for reporting periods beginning after January 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with JAS and Affiliates' historic accounting under Topic 605.

There were no material changes in the timing of recognition of revenue and, therefore, there was no adjustment to the opening balance of net assets without donor restrictions. JAS and Affiliates do not expect the adoption of the new revenue standard to have a significant impact on their changes in net assets on an ongoing basis.

Contributions Received and Contributions Made

During 2019, JAS and Affiliates adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. JAS and Affiliates adopted ASU 2018-08 using a modified prospective method effective January 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of January 1, 2019. As a result, the 2018 consolidating financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of January 1, 2019.

Restricted Cash

During 2019, JAS and Affiliates adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash and cash equivalents within the consolidating statement of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the consolidating statements of cash flows. This ASU has been applied retrospectively to all periods presented.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards (Continued)

Restricted Cash (Continued)

The adoption of ASU 2016-18 resulted in the following changes to JAS and Affiliates' cash flow classification for the year ended December 31, 2018:

<u>Consolidating Statement of Cash Flows</u>	<u>2018 As Previously Reported</u>	<u>Effect of Adoption</u>	<u>2018 As Adjusted</u>
Operating activities	\$ 5,079,618	\$ 20,515	\$ 5,100,133
Investing activities	(26,547,920)	2,714,142	(23,833,778)
Financing activities	<u>21,978,672</u>	<u>-</u>	<u>21,978,672</u>
Net change in cash, cash equivalents and restricted cash	<u>\$ 510,370</u>	<u>\$ 2,734,657</u>	<u>\$ 3,245,027</u>

Estimates

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

Cash, Cash Equivalents and Restricted Cash

For the purpose of the consolidating statements of cash flows, management considers all cash and unrestricted, highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except those amounts that are included in the JAS's investments in marketable securities (see Note 6).

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidating statements of financial position that sum to the totals of cash, cash equivalents and restricted cash shown in the consolidating statements of cash flows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 11,714,178	\$ 6,156,638
Restricted deposits	9,316,151	10,938,828
Escrows	<u>334,940</u>	<u>272,447</u>
Totals	<u>\$ 21,365,269</u>	<u>\$ 17,367,913</u>

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 (see Notes 3 and 5).

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Marketable Securities

Investments in marketable securities are recorded in the consolidating financial statements at fair value using Level 1 and 2 inputs (see page 17 and Note 6). Investment income consists of interest, dividends and realized and unrealized gains and losses on investments, net of investment fees. Realized gains and losses on investment transactions are recorded based on the average cost method. Unrealized gains and losses are recognized based on market value changes during the period. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date.

Projects Under Development

All real estate and project-related costs incurred during construction that are deemed recoverable are capitalized for developments currently owned by JAS or its Affiliates. These include construction, soft costs, interest, and other project-related costs and are reflected in projects under development (see Note 7) in the accompanying consolidating statements of financial position. Project-related costs paid for by JAS or its Affiliates for developments owned by other entities are included within due from affiliates (see Note 3) in the accompanying consolidating statements of financial position.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred (see Note 8).

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Land improvement	15 years
Buildings and improvements	10 - 40 years
Equipment and furniture	3 - 10 years
Vehicles	3 - 5 years

JAS and Affiliates account for the carrying value of their long-lived assets in accordance with standards pertaining to *Accounting for the Impairment or Disposal of Long-Lived Assets* under U.S. GAAP. The carrying value is evaluated annually for impairment and no impairment loss was recognized during 2019 and 2018.

Capitalized Costs and Amortization

Capitalized costs consist of deferred tax credit and leasing fees which have been capitalized and are amortized on the straight-line basis over the term of the tax credit compliance period or lease term, as applicable.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding and amortization is computed using an imputed interest rate on the related loan. Unamortized debt issuance costs are reported as a reduction of the corresponding obligation (see Notes 11 and 23).

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following activities:

Operating net assets represent amounts that have no restrictions and are available as working capital for general operations. This category of net assets also includes net resources from real estate developments expected to be realized in the near term.

Loan Capital net assets represent amounts available for JAS's lending programs.

Real Estate Development net assets represent that portion of assets invested in real estate development projects, net of related debt, which are expected to be realized in greater than one year.

Property and Equipment net assets represent that portion of resources, net of related liabilities, invested into long-term productive property and equipment.

Net Assets With Donor Restrictions

JAS receives grants and contributions which are designated by donors for specific purposes. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes. Capital restricted net assets include restricted grant funds that have been invested into the projects under development which are in process (see Note 7). To achieve an appropriate matching of revenues with related costs and expenses, it is JAS's policy to release these net assets from donor restriction, not when initially spent on project costs, but upon placement in service or final sale or disposition of the particular project.

Included in net assets with donor restrictions is restricted loan capital, which consists of capital resources available as revolving lending capital for JAS's City of Cambridge lending program. Interest earned on donor restricted loan capital increases the available capital balance while write-offs of uncollectible loan receivable balances reduce the available loan capital balance.

Net assets with donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Loan capital	\$ 416,401	\$ 900,670
Other purpose restricted	159,745	452,195
Capital	<u>48,500</u>	<u>-</u>
	<u>\$ 624,646</u>	<u>\$ 1,352,865</u>

Non-Controlling Interest

Non-controlling interest represents the equity interests in the syndicated rental properties (see Note 3) which are owned by unrelated investors.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of affordable housing and program-related services are reported as operating revenues and operating expenses in the accompanying consolidating statements of activities. Other revenues (expenses) include capital and investment activity.

Revenue Recognition

Revenue from private grants, contributions and government contract agreements are generally considered non-exchange transactions (contributions). In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, JAS 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 barrier, 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 JAS 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. Future funding from government contract agreements is dependent on fiscal funding clauses and annual appropriations from granting agencies and organizations.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants and contributions with donor restrictions are transferred to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

JAS generally measures revenue for qualifying exchange transactions based on the amount of consideration JAS expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as JAS satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. JAS evaluates its revenue contracts with customers (i.e. developer fee and service fee contracts) based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Developer fees are earned by JAS in its role as sponsor and developer of its affiliates' (see Note 3) projects. Developer fees are generally earned under written developer agreements executed with the affiliates that detail the rights and responsibilities of both parties under each project development agreement. The agreements define the scope of activities to be provided by JAS and generally include supervising and coordinating project projections, overseeing the construction and or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under the agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. JAS determined the services within the agreement are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project. Developer agreements define the fixed compensation which JAS is expected to be entitled and a schedule of payments to be made from project development sources and, in some cases, from net cash flow from project operations.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The performance obligations under developer agreements are satisfied over time as JAS's performance creates or enhances a real estate asset that the affiliate controls. Accordingly, JAS recognizes revenue from developer agreements over time, as the services are rendered, based on an input method of developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some are not recognized until received or when collection is assured. See Note 3 for required disclosures related to these developer agreements.

Service fees are recognized by JAS for services provided to their affiliates (see Note 3), which include: partnership management, asset management, and resident services. Services are generally provided on an annual basis incident to separate agreements that renew annually at the election of the parties or under aspects of the operating agreements that govern the operations of the affiliate. These agreements specify the compensation for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as the affiliate receives the benefits provided as JAS performs. Service fees are generally recognized in one calendar year. Compensation is generally fixed under the relevant agreement, but may contain variable components in the case of certain partnership management services. Certain fees are only earned and/or payable subject to the availability of net cash flow from the affiliate's operations and are only recognized as revenue when collection is assured.

Rental income is recorded pro-rata over the life of the related leases and is shown net of vacancies and concessions. Interest income is recognized when earned. All other revenue is recognized when earned.

Donated Services and Property

During 2019 and 2018, JAS received \$300 and \$6,000, respectively, of donated services for its programs. These donations are reflected in the accompanying consolidating financial statements based upon the estimated value assigned by management and are included in grants and contributions and program and client expenses for the years ended December 31, 2019 and 2018.

Expense Allocation

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.

The consolidating statements of functional expenses contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, occupancy, and other costs, which are allocated based on an estimate of time and level of effort spent on JAS's programs and supporting functions.

Advertising Costs

JAS and Affiliates expense advertising costs as they are incurred.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

JAS 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 JAS and Affiliates would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

JAS 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 JAS 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.

Investments in Marketable Securities

Investments in marketable securities are recorded in the consolidating financial statements at fair value. If an investment is directly held by JAS and an active market with quoted prices exists, the market price of an identical security is used to report fair value (Level 1 inputs). Values of bonds and government securities are determined using other observable inputs such as prevailing interest rates, the market demand for such securities, and the dates of maturity and purchase (Level 2 inputs).

Subsequent Events

Subsequent events have been evaluated through June 10, 2020, which is the date the consolidating financial statements were available to be issued. See Notes 14, 21 and 24 for events that met the criteria for recognition and disclosure in the consolidating financial statements.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

As described in Note 1, JAS is exempt from income taxes under Section 501(c)(3) of the IRC. Certain affiliates of JAS are also exempt from income taxes under Sections 501(c)(3) and 501(c)(4) of the IRC (see Note 3). JAS has for-profit corporate affiliates (see Note 3) that are subject to income taxation at the Federal and state levels. The corporate affiliates had, for Federal income tax purposes, net operating loss carryforwards of approximately \$5,000 and \$177,000 available to offset future taxable income as of December 31, 2019 and 2018, respectively. The corporate affiliates had, for state income tax purposes, net operating loss carryforwards of approximately \$17,000 and \$110,000 available to offset future taxable income as of December 31, 2019 and 2018, respectively. The value of the deferred tax assets associated with net operating loss carryforwards has been reserved due to the uncertainty of their future use. No income tax provision has been included in the consolidating financial statements for for-profit affiliates taxed as partnerships, as the income, loss and credits are reported by the partners on their respective income tax returns.

JAS 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. JAS and Affiliates have determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2019 and 2018. JAS and Affiliates believe that they have appropriate support for the positions taken on their information and tax returns. However, JAS and Affiliates are generally subject to audit by tax authorities for the most recent three years.

3. RELATED PARTY TRANSACTIONS

Consolidated Entities

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

Operating:

JAS Affordable Housing LLC (JAS Affordable), a Massachusetts limited liability company, formed during February 2012 to acquire and develop affordable housing projects. JAS is the sole member of JAS Affordable, which has elected to be disregarded as a separate entity from JAS for tax purposes. Costs associated with predevelopment activity are recorded in JAS Affordable and are generally recovered once the property is sold to a new ownership entity controlled by JAS.

JAS Homeownership LLC (JAS Homeownership), a Massachusetts limited liability company, formed in April 2014 to acquire deed-restricted condominiums in Cambridge under an agreement with the City. JAS is the sole member of JAS Homeownership, which has elected to be disregarded as a separate entity from JAS for tax purposes. The units are purchased and rehabilitated with funds advanced by the City and resold to qualified buyers provided by the City. JAS earns a predetermined fee per property for this service (see pages 25 and 26 and Note 7).

Broadway Park Apartments LLC, a Massachusetts limited liability company, to acquire, hold, develop, manage, operate, invest in interests in real property, including projects located in Cambridge, in its capacity as a member or partner in any limited liability company or limited partnership organized. Next Step Housing Corporation is the sole member of Broadway Park Apartments LLC.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS

Consolidated Entities (Continued)

Operating: (Continued)

Just-A-Start Holdings LLC, a Massachusetts limited liability company, to acquire, hold, develop, manage, operate, invest in, and deal with interests in real property, including projects located in Cambridge, in its capacity as a member or partner in any limited liability company or limited partnership organized. JAS owns 100% of Just-A-Start Holdings LLC.

52 New Street Land LLC (52 New Street), a Massachusetts limited liability company, to acquire, hold, develop, manage, operate, invest in, and deal with interests in real property, including projects located in Cambridge, in its capacity as a member or partner in any limited liability company or limited partnership organized. JAS owns 100% of 52 New Street.

General Partner Entities

General Partner Entities - JAS has other combined wholly-owned and majority-owned subsidiaries that serve as the general partners and managing members of the LPs and LLCs, which operate various low-income and subsidized housing projects, which were developed by JAS.

The following wholly-owned and majority-owned general partners of JAS are included in the consolidating financial statements:

- **St. Patricks/JAS, Inc.**, general partner of St. Patricks Place Limited Partnership. This entity was dissolved in October 2019.
- **Putnam/JAS, Inc.**, general partner of Putnam Place Limited Partnership. This entity was dissolved in October 2019.
- **Churchill/JAS, Inc.**, general partner of Churchill Court Limited Partnership. This entity was dissolved in October 2019.
- **JAS CDC, Inc.**, general partner of Close Building Associates Limited Partnership.
- **Squirrel/JAS, Inc.**, general partner of Squirrel Brand Limited Partnership.
- **Elm Place/JAS, Inc.**, general partner of Elm Place/JAS Limited Partnership.
- **Bishop Allen JAS, LLC**, managing member of Bishop Allen Apartments LLC.
- **Rindge Tower Apartments JAS, LLC**, managing member of Rindge Tower Apartments LLC.
- **JAS Consolidated MM LLC**, managing member of JAS Consolidated Properties LLC.
- **The Close Building MM LLC**, managing member of The Close Building LLC.
- **Squirrelwood JAS LLC**, managing member of Squirrelwood LLC.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties:

JAS Properties consists of thirty units of affordable residential housing on Hovey Street and Scouting Way that JAS owns directly.

Directly Owned Limited Partnerships

St. Patricks Place Limited Partnership (St. Patricks), a Massachusetts limited partnership. JAS controlled 100% of St. Patricks' equity interests by 50% ownership as the limited partner and 50% as the general partner, St. Patricks/JAS, Inc. This entity was dissolved in October 2019.

Putnam Place Limited Partnership (Putnam Place), a Massachusetts limited partnership. JAS controlled 100% of Putnam Place's equity interests by 99% ownership as the limited partner and 1% as the general partner, Putnam/JAS, Inc. This entity was dissolved in October 2019.

Churchill Court Limited Partnership (Churchill Court), a Massachusetts limited partnership. JAS controlled 100% of Churchill Court's equity interests by 99.99% ownership as the limited partner and 0.01% as the general partner, Churchill/JAS, Inc. This entity was dissolved in October 2019.

Squirrel Brand Limited Partnership (Squirrel Brand), a Massachusetts limited partnership, which operates twenty units of affordable residential apartments located in Cambridge. JAS controlled 100% of Squirrel Brand's equity interests by 99.99% ownership as the limited partner and 0.01% as the general partner, Squirrel/JAS, Inc. On May 16, 2019, the general partner transferred its interest in Squirrel Brand to the limited partner (JAS), which caused Squirrel Brand to cease to exist. Accordingly, all existing assets and liabilities were distributed to JAS. Concurrent with the transfer of interest and termination of Squirrel Brand, JAS sold the property, along with the Linwood Court property (see page 22) to Squirrelwood LLC (see Note 18).

Close Building Associates Limited Partnership (CBALP), a Massachusetts limited partnership, which operated sixty-one units of residential apartments located in Cambridge for low- and moderate-income families/individuals (the Close Building). JAS controls 100% of CBALP's equity interest by 91.52% ownership as limited partner and 8.48% as the general partner, JASDC, Inc. During 2018, CBALP sold its real estate assets to The Close Building LLC (see page 22 and Note 19) and entered into a seventy-five-year ground lease with The Close Building LLC through June 2093. Beginning June 1, 2020, annual base rent is \$306,132 per year until January 1, 2035, at which time the base rent shall increase by 2% every five years. Payment is subject to surplus cash. The Close Building LLC will recognize the expense on a straight-line basis over the term of the lease.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

Syndicated Rental Properties

JAS owns less than 1% equity interest in each of the syndicated rental properties but controls each through its general partner entity.

Elm Place/JAS Limited Partnership (Elm Place), a Massachusetts limited partnership, which operates nineteen units of affordable residential apartments and one commercial unit located in Cambridge. The property is being operated pursuant to a MassDocs Affordable Housing Restriction Agreement with the Massachusetts Housing Partnership Fund Board (MHP), as agent on behalf of itself and on behalf of the Commonwealth of Massachusetts, acting by and through the Department of Housing and Community Development (DHCD) and Community Economic Development Assistance Corporation (CEDAC). The property is also being operated pursuant to an Affordable Housing Covenant with the City and the Cambridge Affordable Housing Trust (CAHT). In addition, the property has a MassDocs Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD.

Bishop Allen Apartments LLC (Bishop Allen), a Massachusetts limited liability company, which was formed during 2012 to purchase, own and rehabilitate thirty-two units of residential apartments located in Cambridge. The property was financed using 4% Low Income Housing Tax Credits and Tax Exempt Bond financing through MassDevelopment, as well as Massachusetts Historic Rehabilitation Tax Credits. The investor members have committed and paid a total of \$3,728,527 of capital contributions.

Bishop Allen Land LLC (Land LLC), a Massachusetts limited liability company, which was organized in May 2014 to acquire land. Land LLC acquired the land for the Bishop Allen project and subsequently entered into a ninety-year ground lease with Bishop Allen. Bishop Allen is the sole member of Land LLC.

Rindge Tower Apartments LLC (Rindge Tower), a Massachusetts limited liability company, which was formed during 2014 to purchase, own and rehabilitate 273 units of residential apartments located in Cambridge. The property was financed using 4% Low Income Housing Tax Credits, and financing through MassHousing, as well as through a seller note to JAS (see page 23). The investor member has committed and paid a total of \$10,979,481 of capital contributions.

JAS Consolidated Properties LLC (JAS Consolidated), a Massachusetts limited liability company, which was formed in 2017 to acquire, rehabilitate and operate 112 residential units and one commercial unit in twenty buildings across Cambridge. The investor member has committed a total of \$14,093,881 of capital contributions. As of December 31, 2019 and 2018, the investor member has contributed \$2,135,250. The installments are due as specified in the operating agreement. JAS is the sponsor and developer of the project and will earn a developer fee and overhead.

The Close Building LLC (TCBLLC), a Massachusetts limited liability company, which was formed in 2017 to acquire, rehabilitate, own and operate 61 units of residential apartments located in Cambridge. The investor member has committed a total of \$10,958,044 of capital contributions, due in five installments. As of December 31, 2018, the investor member made an equity advance of \$1,643,707, which is included in long-term accounts payable, accrued expenses and other in the accompanying 2018 consolidating statement of financial position.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

The Close Building LLC (Continued) This equity advance converted to equity as the first installment in January 2019. The installments are due as specified in the operating agreement. JAS is the sponsor and developer on the project and will earn a developer fee and overhead. The property is being financed using 4% Low Income Housing Tax Credits and Tax Exempt Bond financing. During 2018, TCBLLC purchased the real estate, related personal property and certain assets from CBALP (see page 20) for \$12,921,000.

Squirrelwood LLC (Squirrelwood), a Massachusetts limited liability company, which was formed in 2017 to acquire, rehabilitate, manage, and operate residential real estate located in Cambridge. On May 15, 2019, the investor member was admitted and has committed a total of \$15,238,278 of capital contributions, due in four installments as specified in the operating agreement. As of December 31, 2019, the investor member has not made any capital contributions. On May 16, 2019, Squirrelwood purchased property previously owned by Squirrel Brand and the Linwood Court property from JAS to rehabilitate into 88 residential units in 12 buildings, of which 78 of the units must be rented to low-income tenants (see Note 18).

Squirrelwood entered into a ninety-nine-year ground lease with JAS commencing on May 16, 2019 through May 2118. Annual base rent will be \$90,000 per year, to be paid from net cash flows. All unpaid rent shall accrue and bear interest at a rate of 2.74%, compounded annually. Squirrelwood is responsible for all costs associated with the operations, maintenance and repair of the leased property. Ground lease expense under this agreement was \$56,466 for 2019, which remains unpaid as of December 31, 2019, and is included in notes and interest receivable from affiliates in the accompanying 2019 consolidating statement of financial position (see page 23).

Non-Profit Rental Properties

Wellington-Harrington Development Corporation (Wellington-Harrington), a Massachusetts not-for-profit corporation (under Section 501(c)(4) of the IRC), which operates forty-five units of rental housing named Linwood Court and is located in Cambridge. Wellington-Harrington and JAS were commonly controlled through common directors and management. On March 13, 2019, Wellington-Harrington merged with JAS. On May 16, 2019, JAS sold the Linwood Court property to Squirrelwood (see Note 18).

Next Step Housing Corporation (Next Step), a Massachusetts not-for-profit corporation, which operates three units of transitional housing and three units of affordable housing located in Somerville, Massachusetts. Residents are subject to income limitations as prescribed by the lenders. Next Step and JAS are commonly controlled through common directors and management.

Transactions among consolidating entities include:

Rights of First Refusal

JAS has been granted a continuing right of first refusal with certain syndicated rental properties to purchase the respective properties in the event that a syndicated rental property proposes to sell, transfer, or assign the property. JAS would be required to continue to maintain the properties as low-income housing under these agreements.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Notes and Interest Receivable from Affiliates

Project development notes and accrued interest receivable from Affiliates are generally subordinate to mortgages held by banks or government entities on the Affiliates' properties. JAS's ability to realize these assets is dependent on the ability of each Affiliate to generate sufficient cash flow from operations or from the sale or refinancing by the respective partnership. Due to the long-term nature of expected realization, JAS has established valuation allowances against most of these balances, including accrued interest, to reflect these assets at expected realizable values.

The balance consisted of the following as of December 31, 2019:

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Final Maturity</u>
Rindge Tower*	1	3.75%	\$ 21,781,600	\$ 2,169,925	July 2058
TCBLLC*	1	7.66%	7,819,591	928,544	January 2070
JAS Consolidated	1	4.00%	5,228,616	445,506	December 2067
JAS Consolidated*	1	4.00%	4,685,343	399,216	December 2067
Squirrelwood*	1	5.00%	2,661,988	83,506	June 2059
Squirrelwood	2	2.74%	2,174,994	37,389	June 2059
Bishop Allen	2	3.14%	1,223,000	157,683	June 2054
TCBLLC	1	7.66%	1,124,725	134,523	January 2070
Squirrelwood**	1	2.74%	56,466	-	**
			<u>46,756,323</u>	<u>4,356,292</u>	
Less - amounts characterized as equity			(37,004,988)	(3,581,191)	
Less - valuation allowances			<u>(9,751,335)</u>	<u>(775,101)</u>	
			<u>\$ -</u>	<u>\$ -</u>	

The balance consisted of the following as of December 31, 2018:

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Final Maturity</u>
Rindge Tower*	1	3.75%	\$ 21,781,600	\$ 2,228,965	July 2058
TCBLLC*	1	7.66%	7,819,591	306,146	January 2070
JAS Consolidated	1	4.00%	5,228,616	227,271	December 2067
JAS Consolidated*	1	4.00%	4,685,343	203,656	December 2067
Bishop Allen	2	3.14%	1,223,000	119,220	June 2054
TCBLLC	1	7.66%	1,124,725	44,034	January 2070
Squirrel Brand	1	8.5%	660,000	2,216,000	May 2021
			<u>42,522,875</u>	<u>5,345,292</u>	
Less - amounts characterized as equity			(34,286,534)	(2,738,767)	
Less - valuation allowances			<u>(7,776,341)</u>	<u>(2,606,525)</u>	
			<u>\$ 460,000</u>	<u>\$ -</u>	

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Notes and Interest Receivable from Affiliates (Continued)

- * Because these instruments were created among JAS's Affiliates in controlled transfers, principal and accrued interest on the seller notes for Rindge Tower, JAS Consolidated, TCBLLC and Squirrelwood have been characterized as equity in the accompanying supplementary consolidating statements of financial position.
- ** During 2019, Squirrelwood entered into a ground lease with JAS (see page 22). Ground lease expense and the related obligation have been characterized as equity in the accompanying consolidating statement of financial position.

During 2019, the net balance of notes and interest receivable from affiliates of \$460,000 as of December 31, 2018, was deemed uncollectable and is included in provision for affiliate financing on the 2019 consolidating statement of activities.

During 2019, JAS received additional insurance proceeds related to a fire at a property in a prior year totaling \$2,143,303 which will be transferred to JAS Consolidated and increase the sponsor loan upon completion of amending the loan agreement. These additional proceeds will be used to fund cost overages pertaining to the rehabilitation of the property and to pay down the DHCD and The City notes on JAS Consolidated totaling \$483,671 and \$1,376,604, respectively (see Note 24). The proceeds are shown as gain on involuntary conversion in the accompanying 2019 consolidating statement of activities. As these proceeds will be paid to JAS Consolidated in 2020 and are not expected to be repaid to JAS in the near term, the proceeds are included in provision for affiliate financing in the accompanying 2019 consolidating statement of activities and is included in the current portion of accounts payable, accrued expenses and other in the accompanying consolidating statement of financial position as of December 31, 2019.

For the years ended December 31, 2019 and 2018, interest earned by JAS on the affiliate notes (see page 23), excluding the notes characterized as equity, totaled \$489,726 and \$524,346, respectively, all of which was reserved. As of December 31, 2019 and 2018, all of the notes receivable and accrued interest between JAS and its Affiliates have been eliminated in the accompanying consolidating financial statements.

Developer and Other Service Fees

JAS receives certain resident service fees, management fees and other program service fees from its rental projects. Fees earned during the years ended December 31, 2019 and 2018, totaled \$600,944 and \$638,766, respectively. The resident services are recorded when earned and management fees are recognized when paid based on prior year cash flow for annual services provided by JAS. These fees are included in contracted services and management fees, respectively, in the accompanying consolidating statements of functional expenses.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Developer and Other Service Fees (Continued)

JAS, in its role as sponsor and developer, earns developer fees from each project undergoing rehabilitation. JAS earned developer fees totaling \$3,992,160 and \$1,924,320 during the years ended December 31, 2019 and 2018, respectively, from the projects noted below, which are included in developer and other service fees in the accompanying consolidated statements of activities.

<u>Project</u>	<u>Total Contract</u>	<u>Recognized Prior to 2018</u>	<u>Recognized During 2018</u>	<u>Recognized During 2019</u>	<u>Remaining Contract Balance</u>
JAS Consolidated	\$ 3,190,831	\$ 835,978	\$ 459,305	\$ 1,895,548	\$ -
Squirrelwood	3,061,975	-	-	1,013,602	2,048,373
TBCLLC	2,345,025	-	1,407,015	938,010	-
JAS Properties	89,000	-	-	89,000	-
Condo Repurchase Program (see Note 7)	Various	Various	<u>58,000</u>	<u>56,000</u>	<u>-</u>
			<u>\$ 1,924,320</u>	<u>\$ 3,992,160</u>	<u>\$ 2,048,373</u>
			<u>2019</u>	<u>2018</u>	
Developer fees			\$ 3,992,160	\$ 1,924,320	
Management, resident service and other fees			<u>600,944</u>	<u>638,766</u>	
			4,593,104	2,563,086	
Less - eliminations			<u>(4,076,122)</u>	<u>(1,823,994)</u>	
			<u>\$ 516,982</u>	<u>\$ 739,092</u>	

Developer fees and other receivables were as follows as of December 31, 2019:

<u>Due From</u>	<u>Developer Fees</u>	<u>Other</u>	<u>Total</u>
JAS	\$ -	\$ 2,367,953	\$ 2,367,953
JAS Consolidated	1,854,955	-	1,854,955
TBCLLC	1,407,337	62,287	1,469,624
Squirrelwood	198,238	16,203	214,441
Bishop Allen*	164,782	13,355	178,137
Elm Place	-	38,689	38,689
JAS Properties	-	7,500	7,500
	<u>3,625,312</u>	<u>2,505,987</u>	<u>6,131,299</u>
Less - valuation allowance	<u>100,559</u>	<u>-</u>	<u>100,559</u>
	<u>3,524,753</u>	<u>2,505,987</u>	<u>6,030,740</u>
Less - current portion	<u>2,723,756</u>	<u>138,034</u>	<u>2,861,790</u>
	<u>\$ 800,997</u>	<u>\$ 2,367,953</u>	<u>\$ 3,168,950</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Developer and Other Service Fees (Continued)

Developer fees and other receivables were as follows as of December 31, 2018:

<u>Due From</u>	<u>Developer Fees</u>	<u>Other</u>	<u>Total</u>
JAS	\$ -	\$ 4,728,615	\$ 4,728,615
TBCLLC	718,555	31,302	749,857
Squirrel Brand	-	544,303	544,303
Bishop Allen*	252,727	12,966	265,693
JAS Consolidated	183,094	-	183,094
JAS Properties	-	72,964	72,964
Elm Place	-	19,143	19,143
	<u>1,154,376</u>	<u>5,409,293</u>	<u>6,563,669</u>
Less - valuation allowance	<u>158,786</u>	<u>412,770</u>	<u>571,556</u>
	995,590	4,996,523	5,992,113
Less - current portion	<u>995,590</u>	<u>136,374</u>	<u>1,131,964</u>
	<u>\$ -</u>	<u>\$ 4,860,149</u>	<u>\$ 4,860,149</u>

* In 2016, interest began accruing at 3.14% on the developer fee payable. The developer fee includes \$5,995 and \$9,024 of accrued interest as of December 31, 2019 and 2018, respectively.

As of December 31, 2019 and 2018, the developer fees and other receivables included in due to and from related parties between JAS and Affiliates have been eliminated from the accompanying consolidating financial statements.

Investment in Affiliates

Investments in LPs and LLCs are accounted for using the cost method, but are generally eliminated in consolidation. Investments in LPs and LLCs consist of amounts invested by JAS into various LPs and LLCs through JAS's general partner subsidiaries (see page 19) as support for development projects carried on by those LPs and LLCs.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

3. RELATED PARTY TRANSACTIONS (Continued)

Non-Controlling Interest

The following is a summary of the activity related to the non-controlling interests (see Note 2) of syndicated rental properties for the years ended December 31:

	2019					
	Balance December 31, 2018	Investor Share of Net Income (Loss)	Syndication Costs	Capital Contributions	Distributions	Balance December 31, 2019
Elm Place	\$ 991,165	\$ (155,169)	\$ -	\$ -	\$ (26,271)	\$ 809,725
Bishop Allen	2,407,419	(342,384)	-	-	-	2,065,035
TCBLLC	(97,417)	(4,460)	(3,081)	1,643,707	-	1,538,749
Rindge Tower	11,017,269	6,925	-	-	-	11,024,194
JAS Consolidated	1,676,083	(1,381,088)	-	-	(5,983)	289,012
Squirrelwood	-	(130,865)	(47,562)	-	-	(178,427)
	<u>\$ 15,994,519</u>	<u>\$ (2,007,041)</u>	<u>\$ (50,643)</u>	<u>\$ 1,643,707</u>	<u>\$ (32,254)</u>	<u>\$ 15,548,288</u>

	2018						
	Balance December 31, 2017	Investor Share of Net Income (Loss)	Syndication Costs	Capital Contributions	Distributions	Transfer to JAS	Balance December 31, 2018
Elm Place	\$ 1,159,636	\$ (151,726)	\$ -	\$ -	\$ (16,745)	\$ -	\$ 991,165
Bishop Allen	2,722,710	(315,291)	-	-	-	-	2,407,419
CBALP	(56,608)	95	-	-	(1,000,000)	1,056,513	-
TCBLLC	-	-	(97,417)	-	-	-	(97,417)
Rindge Tower	1,883,451	(195,663)	-	9,329,481	-	-	11,017,269
JAS Consolidated	(88,324)	(370,843)	-	2,135,250	-	-	1,676,083
	<u>\$ 5,620,865</u>	<u>\$ (1,033,428)</u>	<u>\$ (97,417)</u>	<u>\$ 11,464,731</u>	<u>\$ (1,016,745)</u>	<u>\$ 1,056,513</u>	<u>\$ 15,994,519</u>

4. RESTRICTED DEPOSITS AND ESCROWS

Restricted deposits consist of the following as of December 31:

	2019		
	Operating	Rental Properties	Total
Real estate and insurance escrows	\$ -	\$ 334,940	\$ 334,940
Restricted deposits:			
Construction escrow	\$ 2,367,953	\$ -	\$ 2,367,953
Operating reserves	-	3,209,409	3,209,409
Replacement reserves	-	2,380,112	2,380,112
Home Improvement Program funds (see Note 5)	1,045,707	-	1,045,707
Equity escrow	226,000	-	226,000
Other reserves	-	86,970	86,970
Total restricted deposits	<u>\$ 3,639,660</u>	<u>\$ 5,676,491</u>	<u>\$ 9,316,151</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

4. RESTRICTED DEPOSITS AND ESCROWS (Continued)

	2018		
	<u>Operating</u>	<u>Rental Properties</u>	<u>Total</u>
Real estate and insurance escrows	\$ -	\$ 272,447	\$ 272,447
Restricted deposits:			
Construction escrow	\$ 4,728,615	\$ -	\$ 4,728,615
Operating reserves	-	2,611,445	2,611,445
Replacement reserves	-	1,737,873	1,737,873
Home Improvement Program funds (see Note 5)	1,461,271	-	1,461,271
Equity escrow	226,000	-	226,000
Other reserves	-	173,624	173,624
Total restricted deposits	<u>\$ 6,415,886</u>	<u>\$ 4,522,942</u>	<u>\$ 10,938,828</u>

Under the provisions of mortgage and partnership agreements (see Note 11), JAS and Affiliates are required to maintain operating reserves to fund potential future operating deficits and maintain replacement reserves to fund future capital improvements. Real estate and insurance escrows are maintained by the properties to ensure timely payment of all real estate taxes and insurance premiums.

The construction escrow consists of insurance proceeds received by JAS to be transferred to JAS Consolidated (see Note 3).

Pursuant to the seller reserve loan note agreement, JAS will advance \$226,000 of rehabilitation loan proceeds to TCBLLC. As of December 31, 2019 and 2018, JAS held this cash, but will transfer it to TCBLLC upon the financing.

5. NOTES RECEIVABLE

Home Improvement Program

JAS, in collaboration with the City, operates the Home Improvement Program (HIP) where JAS provides low-interest (servicing notes) and deferred payment home improvement loans to income-eligible homeowners to make necessary repairs to their homes.

JAS had the following notes receivable outstanding under HIP as of December 31:

<u>Type</u>	<u>Interest Rates</u>	<u>2019</u>		<u>2018</u>	
		<u># of Notes</u>	<u>Principal Balance</u>	<u># of Notes</u>	<u>Principal Balance</u>
City of Cambridge:					
Servicing notes	0% - 4.5%	69	\$ 1,974,989	76	\$ 1,995,466
Deferred payment	0%	59	968,284	60	974,134
			<u>2,943,273</u>		<u>2,969,600</u>
Other servicing notes	0% - 5%	22	307,282	28	425,835
Interest receivable			35,694		32,556
Other			18,175		18,175
Total notes receivable			<u>3,304,424</u>		<u>3,446,166</u>
Less - current portion			<u>218,800</u>		<u>231,441</u>
			<u>\$ 3,085,624</u>		<u>\$ 3,214,725</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

5. NOTES RECEIVABLE (Continued)

Home Improvement Program (Continued)

Servicing notes require monthly payments of principal and interest ranging from \$13 to \$653 and are typically required to be repaid over a term of thirty years. Deferred payment loans do not require monthly payments and are due in full upon the sale or transfer of the homeowners' property. These notes are secured by the homeowners' properties. Some notes are cross-collateralized with the contractual advances provided by the City (see below).

Estimated maturities of notes receivable over the next five years are as follows:

2020	\$ 218,800
2021	\$ 133,987
2022	\$ 107,674
2023	\$ 116,944
2024	\$ 119,750

Allowance for Loan Losses

JAS considers an allowance for potential loan losses of the loan portfolio. The allowance is based on JAS's assessment of the collectability of individual notes receivable. There were no allowances for loan losses recorded at December 31, 2019 or 2018, since there are no significant anticipated losses based on management's assessment of underlying collateral.

Contractual Advances

As of December 31, 2019 and 2018, contractual advances consist of \$3,549,424 and \$3,530,201, respectively, which represents the aggregate amount of home improvement loan pool funds advanced by and subject to recall by the City. Advances from the City are not formal loans, however, JAS and the City mutually agree that this funding represents a liability. Proceeds from these advances are used to fund homeowner loans under HIP. There are no formal repayment terms and payments are not typically made in the event a homeowner loan is paid in full.

6. INVESTMENTS IN MARKETABLE SECURITIES

The following is a summary of the fair value of JAS's investments in marketable securities as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 412,647	\$ -	\$ -	\$ 412,647
Fixed income - government	1,193,181	-	-	1,193,181
Fixed income - corporate bonds	-	573,247	-	573,247
Mortgage-backed securities	-	102,495	-	102,495
Equities:				
Information technology	502,328	-	-	502,328
Other	270,863	-	-	270,863
Health care	262,358	-	-	262,358
Financials	262,044	-	-	262,044
Industrials	260,218	-	-	260,218
Consumer discretionary	231,788	-	-	231,788
Mutual Funds	189,843	-	-	189,843
Consumer staples	110,505	-	-	110,505
Total investments in marketable securities	<u>\$ 3,695,775</u>	<u>\$ 675,742</u>	<u>\$ -</u>	<u>\$ 4,371,517</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

6. INVESTMENTS IN MARKETABLE SECURITIES (Continued)

The following is a summary of the fair value of JAS's investments in marketable securities as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,328,513	\$ -	\$ -	\$ 1,328,513
Fixed income - government	826,963	-	-	826,963
Fixed income - corporate bonds	-	248,365	-	248,365
Equities:				
Information technology	350,976	-	-	350,976
Other	121,160	-	-	121,160
Health care	233,488	-	-	233,488
Financials	172,695	-	-	172,695
Industrials	143,995	-	-	143,995
Consumer discretionary	136,066	-	-	136,066
Mutual Funds	125,813	-	-	125,813
Consumer staples	<u>149,297</u>	<u>-</u>	<u>-</u>	<u>149,297</u>
Total investments in marketable securities	<u>\$ 3,588,966</u>	<u>\$ 248,365</u>	<u>\$ -</u>	<u>\$ 3,837,331</u>

Investments are not insured and are subject to on-going market fluctuations. Investments in marketable securities include funds held by JAS for long-term purposes and generally are not used for operations. Accordingly, these investments in marketable securities have been classified as non-current assets in the accompanying consolidating statements of financial position regardless of maturity or liquidity.

7. PROJECTS UNDER DEVELOPMENT

Following is a summary of amounts included in projects under development as presented in the accompanying consolidating statements of financial position. These include development costs for condos that JAS acquires and develops for sale to individual homeowners and other development costs related to rehabilitation of rental projects (see below). Costs considered to be recoverable are capitalized. Recoverable costs expected to be realized within one year from the consolidating statements of financial position date are classified as current. Other recoverable costs are classified as non-current. Non-recoverable costs are expensed as incurred. At December 31, 2019 and 2018, projects under development consist of the following:

	<u>2019</u>	<u>2018</u>
Current:		
Condo Repurchase Program	\$ 2,053,534	\$ 1,731,604
Fifth Street Property	-	566,213
Total current	<u>2,053,534</u>	<u>2,297,817</u>
Long-term:		
Squirrelwood	8,280,389	860,147
Condo Repurchase Program	489,056	309,357
Other Projects	369,262	69,654
52 New Street	279,000	-
JAS Consolidated	-	7,529,796
Close Building	-	5,591,496
Total long-term	<u>9,417,707</u>	<u>14,360,450</u>
Total projects under development	<u>\$ 11,471,241</u>	<u>\$ 16,658,267</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

7. PROJECTS UNDER DEVELOPMENT (Continued)

Management of JAS has capitalized the costs below related to various projects, some of which have uncertain financing, because they believe the costs are recoverable from the future development and/or sale of the project. There is a risk that if financing for specific projects is not obtained, sales proceeds are insufficient, or projects become unfeasible, that JAS will need to write-down the value of the affected assets in future consolidating financial statements.

The following projects were under development during the years ended December 31, 2019 and 2018:

Condo Repurchase Program

JAS Homeownership, in collaboration with the City, buy and sell deed-restricted condominium units located throughout Cambridge. These condominiums are deed-restricted to be purchased by low- to moderate-income residents. JAS Homeownership purchase condominium units, rehabilitate the units as deemed necessary, and sell the units to qualified residents. The City determines the sale price and reimburses JAS Homeownership for rehabilitation costs incurred. As of December 31, 2019 and 2018, JAS Homeownership held fifteen and ten units totaling \$2,542,590 and \$2,040,961, respectively. These units are secured by debt held by the City (see Note 11).

In connection with the Condo Repurchase Program, JAS is entitled to receive a developer fee ranging between \$4,000 and \$10,000 for each condominium unit that is purchased and sold. For the years ended December 31, 2019 and 2018, JAS recognized developer fees under the Condo Repurchase Program totaling \$56,000 and \$58,000, respectively (see Note 3).

Fifth Street Property

During 2017, JAS received a donation of a house from an unaffiliated third-party (see Note 2). JAS entered into a loan agreement with the City (see Note 11) to rehabilitate the house. During 2019, the project was completed and sold to a qualified homebuyer for \$275,000. The loss on sale of property was \$135,825, after forgiveness of debt of \$300,000 in connection with sale (see Note 11).

Close Building

During 2018, TCBLLC closed on the acquisition of the real estate and related personal property of the CBALP and commenced its principal operations and the rehabilitation of the project. Construction started in late spring 2018 and was completed in December 2019. At December 31, 2018, development costs of \$5,591,496 have been incurred and capitalized. During 2019, the project was completed and placed into service.

JAS Consolidated

During 2017, JAS Consolidated closed on the acquisition of the real estate and related personal property of certain JAS rental properties and commenced its principal operations and the rehabilitation of the project. At December 31, 2018, development costs of \$7,529,796 have been incurred and capitalized. During 2019, the project was completed and placed into service.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

7. PROJECTS UNDER DEVELOPMENT (Continued)

Squirrelwood

During 2018, JAS incurred predevelopment costs in connection with combining two existing JAS projects for the rehabilitation of sixty-five units and construction of twenty-three new units of affordable housing. Management closed on the financing associated with the acquisition in May 2019 (see Notes 23 and 24) and construction commenced soon thereafter. At December 31, 2019 and 2018, development costs of \$8,280,389 and \$860,147, respectively, have been incurred and capitalized.

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2019			
	Operating	Rental Properties	Eliminations	Total
Land	\$ 105,443	\$ 11,759,546	\$ -	\$ 11,864,989
Land improvements	-	1,592,941	-	1,592,941
Buildings and improvements	1,936,435	133,841,126	(4,782,116)	130,995,445
Equipment and furniture	271,116	3,494,137	-	3,765,253
Vehicles	27,250	-	-	27,250
	<u>2,340,244</u>	<u>150,687,750</u>	<u>(4,782,116)</u>	<u>148,245,878</u>
Less - accumulated depreciation	<u>1,503,315</u>	<u>38,078,265</u>	<u>-</u>	<u>39,581,580</u>
	<u>\$ 836,929</u>	<u>\$ 112,609,485</u>	<u>\$ (4,782,116)</u>	<u>\$ 108,664,298</u>
	2018			
	Operating	Rental Properties	Eliminations	Total
Land	\$ 26,528	\$ 10,918,285	\$ -	\$ 10,944,813
Land improvements	-	1,592,941	-	1,592,941
Buildings and improvements	1,852,330	104,100,063	(1,268,529)	104,683,864
Equipment and furniture	271,116	3,143,800	-	3,414,916
Vehicles	27,250	-	-	27,250
	<u>2,177,224</u>	<u>119,755,089</u>	<u>(1,268,529)</u>	<u>120,663,784</u>
Less - accumulated depreciation	<u>1,369,041</u>	<u>34,545,960</u>	<u>-</u>	<u>35,915,001</u>
	<u>\$ 808,183</u>	<u>\$ 85,209,129</u>	<u>\$ (1,268,529)</u>	<u>\$ 84,748,783</u>

Depreciation expense for the years ended December 31, 2019 and 2018, totaled \$3,666,579 and \$3,148,213, respectively.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

9. CAPITALIZED COSTS AND AMORTIZATION

Capitalized costs consist of costs related to tax credit fees related to certain rental properties as well as debt issuance costs related to debt which has not been drawn as of December 31:

	<u>2019</u>	<u>2018</u>
Debt issuance costs	\$ 542,981	\$ 780,707
Tax credit fees	<u>183,838</u>	<u>131,622</u>
	726,819	912,329
Less - accumulated amortization	<u>50,044</u>	<u>35,620</u>
Total capitalized costs, net	<u>\$ 676,775</u>	<u>\$ 876,709</u>

During 2019, \$780,707 of debt issuance costs relating to JAS Consolidated and TCBLLC was reclassified from capitalized costs to long-term debt in the accompanying 2019 consolidating statement of financial position as the first mortgage and bridge loans were drawn upon.

Amortization expense for the years ended December 31, 2019 and 2018, was \$14,424 and \$10,541, respectively. Amortization expense for the next five years is expected to be as follows:

2020	\$ 12,288
2021	\$ 10,766
2022	\$ 10,766
2023	\$ 10,766
2024	\$ 10,766

10. MANAGEMENT AGREEMENTS

JAS has agreements with an independent management company to carry on the day-to-day operations of the rental properties. This management company receives management fees ranging from 3.15% to 6% of total residential collections, as defined in the agreements. The agreements can be terminated by either party with ninety days written notice. JAS incurred management fees totaling \$546,835 and \$535,382 for the years ended December 31, 2019 and 2018, respectively, which are reflected as management fees in the accompanying consolidating statements of functional expenses.

11. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

Operating	<u>2019</u>	<u>2018</u>
<i>Condo Repurchase Program</i>		
Non-interest bearing notes payable to the City. No payments are required until the sale of the mortgaged property (see Note 5) or until maturity. These notes mature at various dates through November 2022 and are secured by mortgages on the properties.	\$ 2,290,692	\$ 1,707,679

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

11. LONG-TERM DEBT (Continued)

Operating (Continued)	<u>2019</u>	<u>2018</u>
<i>Linwood Court</i>		
4% note payable to CAHT for \$329,000. JAS assumed this note in connection with the Wellington-Harrington merger. Outstanding accrued interest at the time of the merger was \$316,739. Interest and principal are due and payable annually in an amount equal to 50% of rent received under the ground lease with Squirrelwood (see Note 3). During 2019, a payment of \$143,781 was made on accrued interest. Accrued interest at December 2019 amounted to \$185,608, which is included in accounts payable, accrued expenses and other, net of current portion in the accompanying 2019 consolidating statement of financial position. This note is secured by a shared fourth mortgage priority on the property and matures on May 2069.	329,000	-
<i>Fifth Street Property</i>		
Non-interest bearing note payable to the City for \$360,000. The repayment was limited to the amount of the sales price that exceeds \$215,000 if the property is sold to an eligible household, as defined in the agreement. During December 2019, \$60,000 of this note was paid back to the City from the sale of the property, the remaining principal balance of \$300,000 was forgiven (see Note 7). The note was secured by a first mortgage on the property.	-	<u>109,191</u>
Total Operating	2,619,692	1,816,870
Total Rental Properties (see Note 23)	<u>70,754,904</u>	<u>51,580,756</u>
Total JAS and Affiliates	73,374,596	53,397,626
Less - current portion	<u>2,426,123</u>	<u>1,975,106</u>
	<u>\$ 70,948,473</u>	<u>\$ 51,422,520</u>

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

	<u>Operating</u>	<u>Rental</u>	<u>Total</u>
2020	\$ 1,892,898	\$ 533,225	\$ 2,426,123
2021	\$ 397,794	\$ 579,143	\$ 976,937
2022	\$ -	\$ 605,101	\$ 605,101
2023	\$ -	\$ 632,244	\$ 632,244
2024	\$ -	\$ 659,711	\$ 659,711

The note on page 33 and the above notes have certain financial and non-financial covenants with which JAS and Affiliates must comply. As of December 31, 2019 and 2018, JAS and Affiliates were in compliance with applicable debt covenants.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

11. LONG-TERM DEBT (Continued)

Debt issuance costs related to the various notes payable totaling \$2,250,131 and \$1,203,793 are shown net of accumulated imputed interest of \$616,894 and \$319,228 as of December 31, 2019 and 2018, respectively (see Note 23). During 2019 and 2018, interest - amortization of debt issuance costs of \$57,157 and \$120,698, respectively, was capitalized and is included in projects under development. Net debt issuance costs are reported in the consolidating statements of financial position as a direct reduction of the face amount of the related long-term debt (see Note 2). Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed rate on the related loan.

12. CONTINGENT DEBT AND DEFERRED INTEREST

JAS and Affiliates have received contingent loans from various organizations to help in the development of its housing and other projects. These loans generally are not required to be repaid unless the project fails to maintain its status as low-income housing or JAS and Affiliates fail to comply with other conditions. It is the intention of the Board of Directors and the management of JAS and Affiliates to maintain these properties as low-income housing and to meet other conditions.

Certain contingent loans state that interest shall accrue from the date of disbursement through maturity, at which point the entire principal balance and accrued interest shall be forgiven provided the underlying property is maintained as affordable housing. For contingent notes where the accrued interest will be forgiven at maturity, no deferred interest has been recorded as management intends to maintain the properties as affordable housing, with the exception of the deferred interest on the contingent debt related to certain properties, which was recognized and transferred to Squirrelwood as part of the sale of those respective properties. As of December 31, 2019 and 2018, unrecorded deferred interest on forgivable contingent loans totaled approximately \$3,928,000 and \$5,479,000, respectively.

Contingent debt and deferred interest consist of the following at December 31:

Operating	<u>2019</u>	<u>2018</u>
<i>Real Estate Development</i>		
8% note payable to the City. No payments were due provided the property was maintained as affordable housing. The note was set to mature in April 2051, at which time the outstanding principal and accrued interest were to be forgiven. This note was secured by JAS's note receivable with Squirrel Brand. During 2019, the note was transferred to Squirrelwood as part of the Squirrelwood project financing.	\$ -	\$ 460,000
Total Rental Properties (see Note 24)	<u>45,387,295</u>	<u>41,083,273</u>
Total contingent debt and deferred interest before eliminations	45,387,295	41,543,273
Less - eliminations	<u>10,526,436</u>	<u>10,842,866</u>
Total JAS and Affiliates	34,860,859	30,700,407
Less - current portion	<u>-</u>	<u>112,381</u>
	<u>\$ 34,860,859</u>	<u>\$ 30,588,026</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

12. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

The notes on page 35 have certain financial and non-financial covenants with which JAS and Affiliates must comply. JAS and Affiliates were in compliance with these covenants as of December 31, 2019 and 2018.

13. LINE OF CREDIT

During 2019, JAS entered into a revolving line of credit agreement with Capital One, National Association, which allows for borrowing up to \$500,000. Interest on this note is at 1%. Interest will be due in quarterly payments, beginning on April 1, 2020. All unpaid interest and outstanding principal being due on January 1, 2023. The line of credit is unsecured. There was no outstanding balance due as of December 31, 2019.

14. COMMITMENTS AND CONTINGENCIES

General Partner and Sponsor Obligations

As discussed in Note 3, JAS has acted as sponsor and developer for various low-income and affordable housing developments. Most of these developments have received various forms of funding through JAS from Federal, state, and local sources. The terms of these funding agreements generally require that the projects maintain affordable housing and low-income eligibility status, as defined. If such status is not maintained, JAS may be obligated to remedy any defaults in the requirements and may be liable to repay certain amounts to the funders.

JAS, as the sponsor of various projects, has, in some cases, agreed to advance funds to the partnerships as a guarantor of the general partners' obligation to fund operating deficits, Housing Assistance Payment contract shortfalls, development cost overruns, payments for reduced tax benefits to limited partner investors, and other circumstances affecting the partnerships, as defined in the partnership agreements. As of the date of this report, JAS is not obligated for any specific amount.

Lease Commitments

JAS leases commercial space under a lease agreement that expires in February 2022. Monthly base rent under this lease was \$3,862 and \$3,040 for 2019 and 2018, respectively.

JAS also leases program space under a lease agreement set to expire in April 2020, with an option to extend the term of the lease for an additional three-year period. Monthly base rent under this lease was \$6,651 and \$6,487 for 2019 and 2018, respectively, and will escalate by approximately 2.5% each year. JAS is responsible for its proportionate share of condominium fees and real estate taxes. This lease was extended subsequent to year end through April 2023, with monthly payments ranging from \$8,177 to \$8,751.

Future minimum lease payments under the lease agreements described above are as follows:

2020	\$ 140,233
2021	\$ 149,724
2022	\$ 111,760
2023	\$ 35,004

Elm Place leases office space to an unrelated commercial tenant under a noncancelable lease that is set to expire on August 31, 2023.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

14. COMMITMENTS AND CONTINGENCIES (Continued)

Lease Commitments (Continued)

Future minimum rental income under the lease agreement described on page 36 are as follows:

2020	\$ 23,864
2021	\$ 24,576
2022	\$ 25,304
2023	\$ 17,200

15. CONCENTRATION OF CREDIT RISK

JAS and Affiliates maintain their cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. Cash balances at certain banks are also insured in excess of FDIC limits under the Depositors Insurance Fund. At certain times during the year, cash balances exceeded the insured amounts. JAS and Affiliates have not experienced any losses in such accounts. JAS and Affiliates believe they are not exposed to any significant credit risk on cash.

16. RETIREMENT PLAN

JAS maintains a 401K retirement plan. New employees are subject to a six-month waiting period. JAS will contribute 3% of the employee's salary regardless of whether the employee contributes to the plan. JAS's contributions totaled \$75,354 and \$79,041 for the years ended December 31, 2019 and 2018, respectively, which are included in employee benefits in the accompanying consolidating statements of functional expenses.

17. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the consolidating statements of financial position date, comprise the following at December 31:

	<u>2019</u>	
	<u>Operating</u>	<u>Rental Properties</u>
Cash and cash equivalents	\$ 8,354,623	\$ 3,359,555
Escrows	-	334,940
Investments in marketable securities	4,371,517	-
Current portion of due from affiliates - developer fees	2,723,756	-
Accounts and grants receivable	1,230,381	-
Rent receivable	-	198,140
	<u>16,680,277</u>	<u>3,892,635</u>
Total financial assets		
Less - security deposits	-	345,845
Less - net assets with donor restrictions	<u>624,646</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,055,631</u>	<u>\$ 3,546,790</u>

JUST-A-START CORPORATION AND AFFILIATESNotes to Consolidating Financial Statements
December 31, 2019 and 2018**17. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)**

	<u>2018</u>	
	<u>Operating</u>	<u>Rental Properties</u>
Cash and cash equivalents	\$ 3,219,844	\$ 2,936,786
Escrows	-	272,447
Investments in marketable securities	3,837,331	-
Current portion of due from affiliates - developer fees	995,590	-
Accounts and grants receivable	1,392,434	-
Rent receivable	-	<u>633,838</u>
Total financial assets	9,445,199	3,843,071
Less - security deposits	-	328,257
Less - net assets with donor restrictions	<u>452,195</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,993,004</u>	<u>\$ 3,514,814</u>

As of December 31, 2019 and 2018, JAS has operating financial assets equal to approximately thirty-five and nineteen months, respectively, of operating expenses (excluding non-cash expenses), and the Rental Properties have operating financial assets equal to approximately five months of operating expenses (excluding non-cash expenses). JAS has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, including real estate development activities and lending commitments. The goal also applies to the normal operating expenses and capital expenditures of JAS's Rental Properties.

18. SYNDICATION OF SQUIRRELWOOD

In May 2019, Squirrelwood entered into an agreement to purchase property and certain assets from JAS for \$8,547,019. The land is leased from JAS under a long-term ground lease (see Note 3). In conjunction with the sale agreement, JAS assigned and Squirrelwood assumed all of its rights, title, interest in and all contracts related to the use and operations of the property. In conjunction with the sale agreement, Squirrelwood assumed the outstanding principal balance plus accrued and unpaid interest thereon of certain existing loans as follows:

* <u>Lender</u>	<u>Amount</u>
JAS	\$ 2,174,994
DHCD	1,179,193
The City	1,121,795
MassHousing	<u>232,525</u>
Total assumed debt	<u>\$ 4,708,507</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
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18. SYNDICATION OF SQUIRRELWOOD (Continued)

A summary of the acquisition is as follows:

Purchase Price

Cash paid	\$ 1,176,524
Assumed debt *	4,708,507
Seller note (see below and Note 3)	<u>2,661,988</u>
Contractual purchase price	<u>\$ 8,547,019</u>
Contractual purchase price	\$ 8,547,019
Transaction costs (see below table)	<u>122,381</u>
	8,669,400
Adjustment to reduce purchase price to carryover basis	<u>(6,151,287)</u>
Carryover basis	<u>\$ 2,518,113</u>

Carryover Basis of Assets Acquired

Building and improvements	\$ 7,315,818
Equipment and furniture	<u>657,485</u>
	7,973,303
Less - accumulated depreciation	<u>(5,455,190)</u>
Total carryover basis	<u>\$ 2,518,113</u>

The syndication of Squirrelwood is reported in the accompanying consolidating statements of changes in net assets for 2019 as follows:

	<u>JAS</u>				
	<u>Operating</u>	<u>SBLP</u>	<u>WHDC</u>	<u>SQW</u>	<u>Total</u>
Excess of purchase price over carrying amount and related transaction costs	\$ 6,028,906	\$ -	\$ -	\$ (6,151,287)	\$ (122,381)
Seller note	(2,661,988)	-	-	2,661,988	-
Interest on City notes	(1,004,825)	-	-	-	(1,004,825)
Transfers	<u>(1,950,659)</u>	<u>2,369,327</u>	<u>(418,668)</u>	<u>-</u>	<u>-</u>
	<u>\$ 411,434</u>	<u>\$ 2,369,327</u>	<u>\$ (418,668)</u>	<u>\$ (3,489,299)</u>	<u>\$ (1,127,206)</u>

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Notes to Consolidating Financial Statements
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19. SYNDICATION OF TCBLLC

In 2018, TCBLLC entered into an agreement to purchase real estate, personal property and certain assets from CBALP for \$12,921,000. CBALP assigned, and the TCBLLC assumed, all of its rights, title and interest in and to all contracts related to the use and operations of the property.

A summary of the acquisition is as follows:

Purchase Price

Cash paid	\$ 5,101,409
Seller note (see below and Note 3)	<u>7,819,591</u>
Contractual purchase price	<u>\$ 12,921,000</u>
Contractual purchase price	\$ 12,921,000
Transaction costs (see below table)	<u>221,262</u>
	13,142,262
Adjustment to reduce purchase price to carryover basis	<u>(12,596,279)</u>
Carryover basis	<u>\$ 545,983</u>

Carryover Basis of Assets Acquired

Building and improvements	\$ 3,016,834
Equipment and furniture	<u>504,463</u>
	3,521,297
Less - accumulated depreciation	<u>(2,975,314)</u>
Total carryover basis	<u>\$ 545,983</u>

The syndication of TCBLLC is reported in the accompanying consolidating statements of changes in net assets for 2018 as follows:

	<u>JAS</u> <u>Operating</u>	<u>CBALP</u>	<u>TCBLLC</u>	<u>Elimi-</u> <u>nations</u>	<u>Total</u>
Excess of purchase price over carryover basis	\$ -	\$ 12,375,017	\$ (12,596,279)	\$ -	\$ (221,262)
Seller note	-	(7,819,591)	7,819,591	-	-
Reserve on state tax credit note	(1,124,725)	-	-	1,124,725	-
Reserve on seller reserve note	-	(226,000)	-	226,000	-
Distributions	<u>3,904,982</u>	<u>(4,904,982)</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
	<u>\$ 2,780,257</u>	<u>\$ (575,556)</u>	<u>\$ (4,776,688)</u>	<u>\$ 1,350,725</u>	<u>\$ (1,221,262)</u>

20. RECLASSIFICATIONS

Certain amounts in the December 31, 2018 consolidating financial statements have been reclassified to conform to the December 31, 2019 consolidating presentation.

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Notes to Consolidating Financial Statements
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21. SUBSEQUENT EVENTS

Real Estate

On January 2, 2020, 52 New Street purchased property located at 52 New Street in Cambridge for \$9,300,000. During 2019, JAS made a \$279,000 deposit on behalf of 52 New Street at the time the purchase and sale agreement was signed. The deposit is included in projects under development, net of current portion in the accompanying consolidating statements of financial position as of December 31, 2019.

In connection with the purchase, 52 New Street received financing from CAHT, which allows for borrowing up to \$9,800,000, with simple interest at 3%. Principal and accrued interest are due in full upon the earlier of construction financing closing or when the note matures in January 2023. This note is secured by a first mortgage on the property. Construction is anticipated to commence in 2022. 52 New Street entered into a lease agreement with an unrelated third party effective February 1, 2020, and expiring on December 31, 2021. Monthly rental income will be \$19,000 through the end of the lease.

Coronavirus

In March 2020, the COVID-19 coronavirus (COVID-19) pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on JAS, its operations, timing of closings for projects currently in development, and future consolidating financial statements. The accompanying consolidating financial statements have not been adjusted for any potential financial effects that may occur in the future related to the current uncertainty.

Management of JAS is monitoring these events and their borrowers closely to assess the financial impact of the situation and determine appropriate courses of action. As of the date of this report, JAS is unable to accurately predict how COVID-19 will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

Paycheck Protection Program Loan

In April 2020, JAS has applied for and was awarded a loan from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amount of \$114,117. The funds will be used to pay certain payroll costs including benefits as well as interest on mortgages, rent and utilities during an eight-week period. A portion of these funds may be forgiven, as defined in the agreement, at the end of the eight-week period and the remainder of the funds will be due with interest at 1%. The repayment will be deferred until November 2020, when the note, plus interest, will be due in equal monthly payments through April 2022.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
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22. CONDITIONAL AWARDS

During 2019, JAS was awarded a number of conditional grants totaling \$440,000 from different funders that are contingent upon certain factors as specified in the grant agreements, including achieving agreed upon performance benchmarks and incurring certain costs. Accordingly, the revenue recognized from these grants is recorded when it is earned. JAS received \$150,000 of these grants during 2019. Conditional grants totaled \$290,000 as of December 31, 2019. Since the remaining balances of these grants are conditional, they are not reflected in the accompanying consolidating financial statements.

As of December 31, 2019, JAS has \$2,306,101 of conditional contributions that are expected to be received in a future period relating to government contract agreements. Since the remaining balances of these contributions are conditional, they are not reflected in the accompanying consolidating financial statements.

Future payments to be received are expected as follows at December 31, 2019:

2020	\$ 1,948,280
2021	\$ 260,000
2022	\$ 97,821

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

23. LONG-TERM DEBT - RENTAL PROPERTIES

Lender	Interest	Security	Payment Terms	Outstanding Principal	
				2019	2018
JAS Properties					
<i>Hovey Street</i>					
MHP	6.74%	First mortgage on the property and an assignment of rents and leases.	Principal and interest installments of \$6,222 were due through maturity in February 2020. This note was paid off in January 2019.	\$ -	\$ 2,732
<i>Scouting Way</i>					
CSB	4.83%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$8,684, through maturity in March 2034.	1,476,590	-
CSB	6.20%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$6,960, through maturity in April 2019. During March 2019, this note was refinanced for \$1,500,000 (see above).	-	702,964
CAHT	2.00%	Second mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$3,335, through maturity in June 2021. In March 2019, this note was paid off from the proceeds of the new CSB note above.	-	103,839
Total JAS Properties				1,476,590	809,535
Squirrel Brand Limited Partnership					
CSB	7.25%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$6,651, through maturity on May 24, 2020. During May 2019, this note was paid off as part of resyndication of the property (see Note 18).	-	844,555
Squirrelwood LLC					
MassHousing	3.83%	First mortgage on the property and an assignment of rents and leases.	Allows for borrowings up to \$13,600,000, which will require monthly interest-only installments through maturity, one year from closing, when all outstanding principal and accrued interest are payable. This note is currently anticipated for permanent loan closing in March 2021.	-	-
MassHousing	4.29%	Second mortgage on the property and an assignment of rents and leases. This note will be insured by HUD.	Bridge loan that allows for borrowings up to \$8,200,000, which will be due in monthly principal and interest installments of \$35,765, through maturity in March 2061. This note is currently anticipated for permanent loan closing in March 2021.	-	-

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

23. LONG-TERM DEBT - RENTAL PROPERTIES (Continued)

Lender	Interest	Security	Payment Terms	Outstanding Principal	
				2019	2018
Squirrelwood LLC (Continued)					
Santander Bank, N.A.	Variable (3.54% at December 31, 2019)	First mortgage on the property and an assignment of rents and leases. The note is guaranteed by JAS.	Construction loan which allows for borrowings up to \$22,000,000. Payment of interest only is due through maturity scheduled on May 16, 2021, with an optional extension to November 16, 2021, at which time all unpaid principal and accrued interest are due in full.	2,719,755	-
BF Santander 2017, Limited Partnership	0.00%	Third mortgage on the property and an assignment of rents and leases. This note is guaranteed by JAS.	Investor loan with outstanding principal due in full at maturity as defined as the earlier of (i) payment date of the first installment of capital contributions expected to be received October 2021, (ii) May 16, 2021, which may be extended for two three months periods, (iii) any earlier date the note becomes due and payable pursuant to the note agreement.	2,285,742	-
				5,005,497	-
Elm Place/JAS Limited Partnership					
CSB	5.82%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$5,761, through maturity in December 2027. A balloon payment of \$680,561 is due at maturity.	864,518	882,073
CEDAC	0%	Shared second mortgage on the property and an assignment of rents and leases.	Payments of principal are due annually to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. Outstanding principal is due in June 2041 and may be extended for additional ten year periods at the discretion of CEDAC.	525,000	525,000
				1,389,518	1,407,073
Bishop Allen Apartments LLC					
Boston Private Bank and Trust Company	3.76%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$21,791 through maturity on June 30, 2034. A balloon payment of approximately \$2,452,500 is due at maturity.	4,308,298	4,403,620

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Notes to Consolidating Financial Statements
December 31, 2019 and 2018

23. LONG-TERM DEBT - RENTAL PROPERTIES (Continued)

<u>Lender</u>	<u>Interest</u>	<u>Security</u>	<u>Payment Terms</u>	<u>Outstanding Principal</u>	
				<u>2019</u>	<u>2018</u>
The Close Building LLC					
MassHousing	4.69%	First mortgage on the property and an assignment of rents and leases. This note is insured by HUD.	Allows for borrowings up to \$9,300,000. Interest-only payments are due monthly through the amortization commencement date. Monthly installments of principal and interest of approximately \$43,000 will be due through the maturity, which will be forty years from the amortization commencement date, but no later than March 1, 2060.	8,179,443	-
MassHousing	3.24%	Shared second mortgage on the property and an assignment of rents and leases.	Bridge note payable with interest-only payments due monthly through maturity, at which time the unpaid principal and accrued interest are due. This note matures on July 1, 2020.	6,500,000	6,500,000
MassHousing	4.52%	Shared second mortgage on the property and an assignment of rents and leases.	Bridge note payable with interest-only payments are due monthly through maturity, at which time the unpaid principal and accrued interest are due. This note matures on July 1, 2020.	1,800,000	560,955
				<u>16,479,443</u>	<u>7,060,955</u>
Wellington-Harrington Development Corporation					
The City	2.50%	Shared second mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$1,036, through maturity on October 1, 2020. In March 2019, the note was repaid in full.	-	50,238
Next Step Housing Corporation					
Winter Hill Bank	4.75%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$2,165, through maturity on September 1, 2035.	287,700	299,702
Somerville Affordable Housing Trust	2.50%	Second mortgage on the property and an assignment of rents and leases.	The loan is being repaid over a twenty-year term in annual installments of \$6,415. The loan matures on October 1, 2025.	34,315	34,315
				<u>322,015</u>	<u>334,017</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

23. LONG-TERM DEBT - RENTAL PROPERTIES (Continued)

Lender	Interest	Security	Payment Terms	Outstanding Principal	
				2019	2018
Rindge Tower Apartments LLC					
MassHousing	4.25%	First mortgage on the property and an assignment of rents and leases. This note is insured by HUD.	Interest-only payments were due monthly through July 1, 2018. Effective August 1, 2018, monthly principal and interest installments of \$91,494 are due through maturity on July 1, 2058.	20,806,780	21,015,581
JAS Consolidated Properties LLC					
MassHousing	2.89%	Shared first mortgage on the property, a conditional assignment of tax credits, and a conditional pledge of capital contributions.	Bridge loan with interest-only payments are due monthly through the maturity date on December 1, 2020, at which time all outstanding principal and accrued interest are due and payable. This loan will be repaid with proceeds from committed capital contributions and, accordingly, has been shown as long-term debt in the accompanying 2019 consolidating statement of financial position.	12,500,000	-
MassHousing	4.67%	Shared first mortgage on the property, a conditional assignment of tax credits, and a conditional pledge of capital contributions. This note is insured by HUD.	Commencing on February 1, 2020, monthly installments of principal and interest payments of \$46,515 are due through maturity on January 1, 2060.	10,100,000	-
JPMorgan Chase Bank	Variable (3.75% and 4.562% at December 31, 2019 and 2018, respectively)	Shared first mortgage on the property and an assignment of rents and leases.	Interest-only payments are due monthly through the maturity date on August 28, 2019, at which time the note may be extended for two six-month periods. This note was repaid in full during December 2019 as a result of the permanent loan closing.	-	16,539,747
				22,600,000	16,539,747
Total long-term debt - Rental Properties				72,388,141	52,465,321
Less - debt issuance costs				(1,633,237)	(884,565)
Total long-term debt - Rental Properties, net (see Note 11)				\$ 70,754,904	\$ 51,580,756

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

24. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
JAS Properties							
Hovey Street							
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in February 2050, at which time the outstanding principal balance and accrued interest shall be forgiven.	\$ 1,129,200	\$ -	\$ 1,129,200	\$ -
The City	0.00%	Third mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in February 2050, at which time the outstanding principal balance shall be forgiven.	250,000	-	250,000	-
MHP	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due at maturity in February 2030.	250,000	-	250,000	-
				<u>1,629,200</u>	<u>-</u>	<u>1,629,200</u>	<u>-</u>
Scouting Way							
The City	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in March 2054, at which time the outstanding principal balance and accrued interest shall be forgiven.	650,000	-	650,000	-
MHP	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in April 2054. The maturity date may be extended for an additional fifty years with the approval from MHP. During March 2019, a payment of \$5,000 was made from the proceeds from the CSB refinance (see Note 22).	545,000	-	550,000	-
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in May 2055, at which time the outstanding principal balance and accrued interest shall be forgiven.	540,000	-	540,000	-
DHCD	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due at maturity in March 2034.	400,000	-	400,000	-
				<u>2,135,000</u>	<u>-</u>	<u>2,140,000</u>	<u>-</u>
Total JAS Properties				<u>3,764,200</u>	<u>-</u>	<u>3,769,200</u>	<u>-</u>

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Notes to Consolidating Financial Statements
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24. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Squirrel Brand Limited Partnership							
JAS	8.5%, compounded quarterly	Mortgage interest in the real estate of the partnership.	All outstanding principal and accrued interest are due at maturity in May 2021. During 2019, this note was refinanced as part of the resyndication of Squirrelwood (see Note 18).	-	-	660,000	2,216,000
DHCD	6.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in May 2031. During 2019, this note was refinanced as part of the resyndication of Squirrelwood (see Note 18).	-	-	440,000	787,863
				<u>-</u>	<u>-</u>	<u>1,100,000</u>	<u>3,003,863</u>
Squirrelwood LLC							
JAS	2.74%	Shared fourth mortgage on the property and an assignment of rents and leases.	Two notes payable to JAS. Outstanding principal and accrued interest are due at maturity in June 2059.	2,174,994	37,389	-	-
CAHT	2.74%	Shared second mortgage on the property and an assignment of rents and leases.	Allows for borrowing up to \$4,115,457. The note provides for annual payments based on net flow. Outstanding principal and accrued interest are payable upon maturity on May 31, 2069.	2,024,381	9,756	-	-
MHP	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in November 2062.	1,604,088	-	-	-
The City	2.74%	Shared second mortgage on the property and an assignment of rents and leases.	The note provides for annual payments based on net flow. Outstanding principal and accrued interest are due at maturity in May 2069.	1,121,795	19,284	-	-
DHCD	2.74%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in May 2062.	440,000	758,996	-	-
MassHousing	0%	Shared second mortgage on the property and an assignment of rents and leases.	The note provides for annual payments based on net flow. Outstanding principal is due at maturity in May 2054.	120,677	-	-	-
MassHousing	0%	Shared second mortgage on the property and an assignment of rents and leases.	The note provides for annual payments based on net flow. Outstanding principal is due at maturity in June 2054.	111,848	-	-	-
MassHousing	0%	Third mortgage on the property and an assignment of rents and leases.	Allows for borrowings up to \$1,000,000. The note provides for annual payments based on net cash flow. The note will have a term of forty years, at which time all unpaid principal is due.	-	-	-	-

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24. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Squirrelwood LLC (Continued)							
MHP	0%	Shared second mortgage on the property and an assignment of rents and leases.	Allows for borrowings up to \$550,000. The note provides for annual payments based on net cash flow. Outstanding principal is due at maturity in November 2050.	-	-	-	-
CEDAC	0%	Shared second mortgage on the property and an assignment of rents and leases.	Allows for borrowing up to \$494,676. The note provides for annual payments based on net cash flow. Outstanding principal is due at maturity in November 2070.	-	-	-	-
CRA	2.74%	Shared second mortgage on the property and an assignment of rents and leases.	Allows for borrowings up to \$300,000. Outstanding principal and interest are due at maturity in January 2062.	-	-	-	-
JAS	5.00%	Shared fourth mortgage on the property and an assignment of rents and leases.	Allows for borrowings up to \$637,000. The note provides for annual payments based on net cash flow. Outstanding principal is due at maturity in January 2069.	-	-	-	-
JAS	2.74%	Shared fourth mortgage on the property and an assignment of rents and leases.	Allows for borrowings up to \$140,000. The note provides for annual payments based on net cash flow. Outstanding principal is due at maturity in June 2059.	-	-	-	-
				<u>7,597,783</u>	<u>825,425</u>	<u>-</u>	<u>-</u>
Elm Place/JAS Limited Partnership							
CAHT	2.25%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in July 2061.	994,872	441,701	994,872	414,586
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in June 2041. The maturity date may be extended for an additional thirty-one years with the approval of DHCD.	905,828	-	905,828	-
CAHT	2.25%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in July 2061.	757,572	182,799	757,572	162,106
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in June 2061. The maturity date may be extended for an additional fifty-one years with the approval of DHCD.	393,019	-	393,019	-
				<u>3,051,291</u>	<u>624,500</u>	<u>3,051,291</u>	<u>576,692</u>

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Notes to Consolidating Financial Statements
December 31, 2019 and 2018

24. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Bishop Allen Apartments LLC							
CAHT	2.61%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in June 2065.	4,244,501	657,333	4,244,501	530,962
JAS	3.14%, simple	Shared third mortgage on the property and an assignment of rents and leases.	Due in annual installments of principal and interest of \$80,605 subject to available cash flow, as defined in the agreement. Outstanding principal and accrued interest are due at maturity in June 2054.	1,083,000	137,329	1,083,000	103,323
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in March 2055. The maturity date may be extended for an additional forty years with the approval of DHCD.	1,000,000	-	1,000,000	-
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in March 2045. The maturity date may be extended for an additional thirty years with the approval of DHCD.	1,000,000	-	1,000,000	-
The City	3.14%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in June 2065.	535,000	95,174	535,000	75,731
CAHT	3.14%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in June 2065.	265,866	50,152	265,866	40,531
JAS	3.14%, simple	Shared third mortgage on the property and an assignment of rents and leases.	Due in annual installments of principal and interest of \$11,486 subject to available cash flow, as defined in the agreement. Outstanding principal and accrued interest are due at maturity in June 2054.	140,000	20,354	140,000	15,897
				<u>8,268,367</u>	<u>960,342</u>	<u>8,268,367</u>	<u>766,444</u>
The Close Building LLC							
JAS	7.66%	Fifth mortgage on the property.	Allows for borrowings up to \$2,043,325. Outstanding principal and accrued interest are due at maturity on January 29, 2070.	1,124,725	134,523	1,124,725	44,034
Wellington-Harrington Development Corporation							
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in April 2057. This note was assumed by JAS during 2019 when Wellington-Harrington merged into JAS.	-	-	329,000	261,069

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2019 and 2018

24. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Payment Terms	2019		2018	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Wellington-Harrington Development Corporation (Continued)							
			All outstanding principal is due the earlier of March 1, 2020, or sale or refinancing of the property. During 2019, payments of \$49,289 were made, the remaining balance of \$232,525 was refinanced as part of the Squirrelwood project financing (see Notes 18 and 23).				
MassHousing	0.00%	Unsecured.		-	-	281,814	-
				-	-	610,814	261,069
Next Step Housing Corporation							
			Annual payments are required to the extent that gross cash receipts exceeds 105% of gross cash expenditures. In any event, the unpaid principal is due in full on May 12, 2034.				
CEDAC	0.00%	Third mortgage, secured by the real estate and related personal property and an assignment of rents and		562,873	-	562,873	-
			No payments are due provided six rental units are maintained as affordable housing. This note matured in May 2020, at which time the outstanding principal balance was forgiven.				
Federal Home Loan Bank/Winter Hill Bank	0.00%	Fourth mortgage, secured by the real estate and related personal property and an assignment of rents and		224,999	-	224,999	-
				787,872	-	787,872	-
Rindge Tower Apartments LLC							
			Outstanding principal and accrued interest are due at maturity on July 1, 2058.				
MassHousing	2.61%	Second mortgage on the property and an assignment of rents and leases.		1,505,971	60,191	1,505,971	19,815
JAS Consolidated Properties LLC							
			Five notes payable to DHCD. All outstanding principal and accrued interest are due at maturity in December 2059.				
DHCD	2.60%	Shared second mortgage on the property and an assignment of rents and leases.		1,749,774	100,153	1,749,774	53,273
			Three notes payable to the City. All outstanding principal and accrued interest are due at maturity in November 2067.				
The City	2.50%	Shared second mortgage on the property and an assignment of rents and leases.		8,139,338	449,041	8,139,338	239,604
			Annual payments of principal and interest are due from and to the extent of available cash, as defined in the operating agreement. This loan matures in December 2067, at which time all outstanding principal and accrued interest are due and payable.				
JAS	4.00%	Fourth mortgage on the property and an assignment of rents and leases.		5,228,616	445,506	5,228,616	227,271
			All outstanding principal and accrued interest are due at maturity in December 2059.				
Cambridge Redevelopment Authority	2.60%	Seventh mortgage on the property and an assignment of rents and leases.		540,000	29,677	540,000	15,240
				15,657,728	1,024,377	15,657,728	535,388
Total contingent debt and accrued interest - Rental Properties (see Note 12)				\$ 41,757,937	\$ 3,629,358	\$ 35,875,968	\$ 5,207,305

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2019
(With Summarized Comparative Totals as of December 31, 2018)

Assets	2019								2018	
	Squirrelwood LLC	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates/ The Close Building LLC	Next Step Housing Corporation	Rindge Tower Apartments LLC	JAS Consolidated LLC	JAS Properties	Total	Total
Current Assets:										
Cash and cash equivalents	\$ 176,868	\$ 160,261	\$ 248,577	\$ 544,848	\$ 36,484	\$ 1,295,696	\$ 471,342	\$ 425,479	\$ 3,359,555	\$ 2,936,794
Rent receivable	28,235	14,024	14,505	14,189	394	30,517	88,248	8,028	198,140	633,838
Escrows	-	-	-	48,810	-	286,130	-	-	334,940	272,447
Prepaid expenses and other	17,683	4,546	9,539	15,352	1,584	50,540	59,068	6,163	164,475	133,591
Total current assets	<u>222,786</u>	<u>178,831</u>	<u>272,621</u>	<u>623,199</u>	<u>38,462</u>	<u>1,662,883</u>	<u>618,658</u>	<u>439,670</u>	<u>4,057,110</u>	<u>3,976,670</u>
Other Assets:										
Restricted deposits	-	282,991	547,021	3,270	29,602	2,942,271	1,270,271	601,065	5,676,491	4,522,942
Due from affiliates	-	-	-	-	-	-	2,367,953	33	2,367,986	4,728,616
Projects under development	8,280,389	-	-	-	-	-	-	-	8,280,389	13,121,292
Capitalized costs, net	547,031	8,498	14,210	-	-	52,659	54,377	-	676,775	876,709
Total other assets	<u>8,827,420</u>	<u>291,489</u>	<u>561,231</u>	<u>3,270</u>	<u>29,602</u>	<u>2,994,930</u>	<u>3,692,601</u>	<u>601,098</u>	<u>17,001,641</u>	<u>23,249,559</u>
Property and Equipment, net	<u>2,342,934</u>	<u>5,517,468</u>	<u>14,307,936</u>	<u>17,001,578</u>	<u>991,541</u>	<u>40,195,613</u>	<u>29,015,084</u>	<u>3,237,331</u>	<u>112,609,485</u>	<u>85,209,129</u>
Total assets	<u>\$ 11,393,140</u>	<u>\$ 5,987,788</u>	<u>\$ 15,141,788</u>	<u>\$ 17,628,047</u>	<u>\$ 1,059,605</u>	<u>\$ 44,853,426</u>	<u>\$ 33,326,343</u>	<u>\$ 4,278,099</u>	<u>\$ 133,668,236</u>	<u>\$ 112,435,358</u>
Liabilities and Net Assets										
Current Liabilities:										
Current portion of long-term debt	\$ -	\$ 18,460	\$ 98,201	\$ 67,218	\$ 18,225	\$ 217,849	\$ 80,867	\$ 32,405	\$ 533,225	\$ 417,541
Current portion of contingent debt	-	-	-	-	-	-	-	-	-	112,381
Current portion of accounts payable, accrued expenses and other	1,572,687	61,408	98,864	1,452,724	16,941	421,682	319,450	70,132	4,013,888	4,750,099
Current portion of due to affiliates	214,441	38,689	71,581	1,109,624	-	-	1,419,955	7,500	2,861,790	1,131,964
Total current liabilities	<u>1,787,128</u>	<u>118,557</u>	<u>268,646</u>	<u>2,629,566</u>	<u>35,166</u>	<u>639,531</u>	<u>1,820,272</u>	<u>110,037</u>	<u>7,408,903</u>	<u>6,411,985</u>
Long-term Liabilities:										
Accounts payable, accrued expenses and other, net of current portion	-	-	-	-	-	-	-	-	-	1,657,229
Long-term debt, net	4,850,541	1,343,740	4,113,813	16,126,651	303,790	20,115,193	21,923,766	1,444,185	70,221,679	51,163,215
Due to affiliates, net of current portion	-	-	106,556	360,000	-	-	435,000	-	901,556	703,090
Contingent debt and deferred interest, net of current portion	8,423,208	3,675,791	9,228,709	1,259,248	787,872	1,566,162	16,682,105	3,764,200	45,387,295	40,970,892
Total long-term liabilities	<u>13,273,749</u>	<u>5,019,531</u>	<u>13,449,078</u>	<u>17,745,899</u>	<u>1,091,662</u>	<u>21,681,355</u>	<u>39,040,871</u>	<u>5,208,385</u>	<u>116,510,530</u>	<u>94,494,426</u>
Total liabilities	<u>15,060,877</u>	<u>5,138,088</u>	<u>13,717,724</u>	<u>20,375,465</u>	<u>1,126,828</u>	<u>22,320,886</u>	<u>40,861,143</u>	<u>5,318,422</u>	<u>123,919,433</u>	<u>100,906,411</u>
Net Assets:										
Without donor restrictions:										
Operating	45,752	242,279	474,654	402,172	21,521	3,295,672	385,779	952,641	5,820,470	4,812,429
Property and equipment	(3,713,489)	607,421	949,410	(3,149,590)	(88,744)	19,236,868	(7,920,579)	(1,992,964)	3,928,333	6,716,518
Total net assets without donor restrictions	<u>(3,667,737)</u>	<u>849,700</u>	<u>1,424,064</u>	<u>(2,747,418)</u>	<u>(67,223)</u>	<u>22,532,540</u>	<u>(7,534,800)</u>	<u>(1,040,323)</u>	<u>9,748,803</u>	<u>11,528,947</u>
Total liabilities and net assets	<u>\$ 11,393,140</u>	<u>\$ 5,987,788</u>	<u>\$ 15,141,788</u>	<u>\$ 17,628,047</u>	<u>\$ 1,059,605</u>	<u>\$ 44,853,426</u>	<u>\$ 33,326,343</u>	<u>\$ 4,278,099</u>	<u>\$ 133,668,236</u>	<u>\$ 112,435,358</u>

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2018

Assets	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates/ The Close Building LLC	Wellington- Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments LLC	JAS Consolidated LLC	JAS Properties	Total
Current Assets:										
Cash and cash equivalents	\$ 28,808	\$ 145,614	\$ 287,380	\$ 220,540	\$ 329,251	\$ 8,270	\$ 1,460,042	\$ 342,501	\$ 114,388	\$ 2,936,794
Rent receivable	30,954	9,948	11,736	495,517	15,310	-	17,448	48,546	4,379	633,838
Escrows	-	-	-	2,791	20,083	-	242,374	-	7,199	272,447
Prepaid expenses and other	7,805	4,447	7,791	12,063	13,508	1,583	52,018	28,783	5,593	133,591
Total current assets	67,567	160,009	306,907	730,911	378,152	9,853	1,771,882	419,830	131,559	3,976,670
Other Assets:										
Restricted deposits	129,732	269,795	524,926	173,624	428,759	69,449	2,708,878	-	217,779	4,522,942
Due from affiliates	-	-	-	-	-	-	-	4,728,616	-	4,728,616
Projects under development	-	-	-	5,591,496	-	-	-	7,529,796	-	13,121,292
Capitalized costs, net	-	13,229	15,631	232,209	-	-	57,047	558,593	-	876,709
Total other assets	129,732	283,024	540,557	5,997,329	428,759	69,449	2,765,925	12,817,005	217,779	23,249,559
Property and Equipment, net	2,072,212	5,672,940	14,622,441	559,341	611,009	1,023,349	41,443,495	15,869,471	3,334,871	85,209,129
Total assets	\$ 2,269,511	\$ 6,115,973	\$ 15,469,905	\$ 7,287,581	\$ 1,417,920	\$ 1,102,651	\$ 45,981,302	\$ 29,106,306	\$ 3,684,209	\$ 112,435,358
Liabilities and Net Assets										
Current Liabilities:										
Current portion of long-term debt	\$ 18,342	\$ 17,542	\$ 94,979	\$ -	\$ 11,331	\$ 17,503	\$ 208,800	\$ -	\$ 49,044	\$ 417,541
Current portion of contingent debt	-	-	-	-	112,381	-	-	-	-	112,381
Current portion of accounts payable, accrued expenses and other	71,723	61,576	101,680	1,404,301	111,592	23,093	446,702	2,441,976	87,456	4,750,099
Current portion of due to affiliates	-	19,143	106,906	749,857	-	-	-	183,094	72,964	1,131,964
Total current liabilities	90,065	98,261	303,565	2,154,158	235,304	40,596	655,502	2,625,070	209,464	6,411,985
Long-term Liabilities:										
Accounts payable, accrued expenses and other, net of current portion	-	-	-	1,643,707	13,522	-	-	-	-	1,657,229
Long-term debt, net	825,166	1,358,572	4,206,260	6,900,856	38,907	316,514	20,320,738	16,435,711	760,491	51,163,215
Due to affiliates, net of current portion	544,303	-	158,787	-	-	-	-	-	-	703,090
Contingent debt and deferred interest, net of current portion	4,103,863	3,627,983	9,034,811	1,168,759	759,502	787,872	1,525,786	16,193,116	3,769,200	40,970,892
Total long-term liabilities	5,473,332	4,986,555	13,399,858	9,713,322	811,931	1,104,386	21,846,524	32,628,827	4,529,691	94,494,426
Total liabilities	5,563,397	5,084,816	13,703,423	11,867,480	1,047,235	1,144,982	22,502,026	35,253,897	4,739,155	100,906,411
Net Assets:										
Without donor restrictions:										
Operating	(86,311)	241,921	505,588	407,396	253,038	(13,240)	3,358,651	121,609	23,777	4,812,429
Property and equipment	(3,207,575)	789,236	1,260,894	(4,987,295)	117,647	(29,091)	20,120,625	(6,269,200)	(1,078,723)	6,716,518
Total net assets without donor restrictions	(3,293,886)	1,031,157	1,766,482	(4,579,899)	370,685	(42,331)	23,479,276	(6,147,591)	(1,054,946)	11,528,947
Total liabilities and net assets	\$ 2,269,511	\$ 6,115,973	\$ 15,469,905	\$ 7,287,581	\$ 1,417,920	\$ 1,102,651	\$ 45,981,302	\$ 29,106,306	\$ 3,684,209	\$ 112,435,358

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 2019
(With Summarized Comparative Totals for the Year Ended December 31, 2018)

	2019									2018		
	Squirrel Brand LP	Squirrelwood LLC	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates/ The Close Building LLC	Wellington-Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments LLC	JAS Consolidated LLC	JAS Properties	Total	Total
Operating Revenues:												
Rental income	\$ 150,125	\$ 672,094	\$ 391,339	\$ 781,546	\$ 1,466,052	\$ 337,993	\$ 106,381	\$ 4,582,715	\$ 2,252,006	\$ 583,051	\$ 11,323,302	\$ 10,751,904
Interest income and other	12,379	964	16,348	2,509	43,088	5,112	153	130,007	62,428	10,611	283,599	157,381
Total operating revenues	162,504	673,058	407,687	784,055	1,509,140	343,105	106,534	4,712,722	2,314,434	593,662	11,606,901	10,909,285
Operating Expenses:												
Personnel and related:												
Contract labor	23,404	88,242	51,848	93,116	178,283	52,031	16,249	573,425	303,484	75,196	1,455,278	1,613,810
Occupancy:												
Interest	31,572	132,399	50,510	166,168	156,492	516	13,977	967,011	736,620	66,521	2,321,786	1,438,286
Utilities	12,340	96,635	21,613	69,953	138,095	45,165	8,811	529,838	197,450	49,684	1,169,584	1,258,075
Contracted services	28,133	125,792	59,756	91,101	193,451	41,653	23,414	484,886	461,358	85,179	1,594,723	1,434,408
Repairs and maintenance	10,419	30,377	24,062	24,162	54,740	11,293	7,169	127,443	60,716	31,816	382,197	341,943
Insurance	3,441	23,204	9,674	22,676	36,541	9,354	4,636	137,302	80,879	17,580	345,287	329,989
Real estate taxes	5,738	39,462	21,601	29,865	34,766	14,522	5,237	128,936	-	24,970	305,097	323,078
Rents	-	-	-	-	7,800	-	-	3,486	-	-	11,286	4,386
Total occupancy	91,643	447,869	187,216	403,925	621,885	122,503	63,244	2,378,902	1,537,023	275,750	6,129,960	5,130,165
Other expenses:												
Professional fees	4,892	20,603	16,073	20,345	45,386	9,645	5,864	46,268	33,574	25,369	228,019	305,556
Management fees	16,561	26,884	43,026	47,390	74,465	17,050	5,825	261,095	123,929	44,778	661,003	656,970
Office and other	3,214	10,555	7,080	9,638	22,953	5,735	2,100	46,081	49,510	7,594	164,460	149,903
Miscellaneous	541	16,094	3,387	2,216	3,984	53,101	304	20,916	2,246	3,171	105,960	97,477
Telephone and communications	1,994	5,411	6,060	2,400	5,545	1,485	493	16,788	25,855	4,319	70,350	59,883
Bad debts	-	-	-	-	-	-	-	3,148	-	-	3,148	1,150
Total other expenses	27,202	79,547	75,626	81,989	152,333	87,016	14,586	394,296	235,114	85,231	1,232,940	1,270,939
Total operating expenses before interest - amortization and depreciation and amortization	142,249	615,658	314,690	579,030	952,501	261,550	94,079	3,346,623	2,075,621	436,177	8,818,178	8,014,914
Interest - amortization	1,047	6,649	3,641	6,097	62,100	-	-	12,305	85,524	-	177,363	93,651
Depreciation and amortization	82,665	181,627	196,733	341,453	106,276	24,799	37,347	1,306,492	1,045,526	223,811	3,546,729	3,013,361
Total operating expenses	225,961	803,934	515,064	926,580	1,120,877	286,349	131,426	4,665,420	3,206,671	659,988	12,542,270	11,121,926
Changes in net assets without donor restrictions from operations	(63,457)	(130,876)	(107,377)	(142,525)	388,263	56,756	(24,892)	47,302	(892,237)	(66,326)	(935,369)	(212,641)
Forgiveness of debt	1,117,209	-	-	-	-	-	-	-	-	-	1,117,209	-
Deferred Interest	(129,193)	-	(47,808)	(199,893)	-	(8,773)	-	(40,376)	(488,989)	-	(915,032)	(1,074,451)
Changes in net assets without donor restrictions	\$ 924,559	\$ (130,876)	\$ (155,185)	\$ (342,418)	\$ 388,263	\$ 47,983	\$ (24,892)	\$ 6,926	\$ (1,381,226)	\$ (66,326)	\$ (733,192)	\$ (1,287,092)

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 2018

	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates/ The Close Building LLC	Wellington- Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments LLC	JAS Consolidated LLC	JAS Properties	Total
Operating Revenues:										
Rental income	\$ 368,384	\$ 381,363	\$ 813,322	\$ 1,183,518	\$ 825,432	\$ 105,960	\$ 4,502,201	\$ 1,988,181	\$ 583,543	\$ 10,751,904
Interest income and other	1,159	14,842	4,895	4,122	24,487	274	102,980	2,243	2,379	157,381
Total operating revenues	369,543	396,205	818,217	1,187,640	849,919	106,234	4,605,181	1,990,424	585,922	10,909,285
Operating Expenses:										
Personnel and related:										
Contract labor	62,922	63,268	97,277	183,774	136,872	18,620	602,007	356,385	92,685	1,613,810
Occupancy:										
Interest	62,744	52,497	169,727	78,247	5,038	15,719	956,176	47,818	50,320	1,438,286
Utilities	35,335	23,364	76,271	156,148	117,448	14,651	604,182	172,766	57,910	1,258,075
Contracted services	61,382	52,344	82,168	210,002	102,751	23,689	496,975	327,407	77,690	1,434,408
Repairs and maintenance	23,117	17,221	28,704	58,704	26,609	5,004	116,801	45,205	20,578	341,943
Insurance	10,024	9,173	20,989	34,650	27,254	5,177	129,328	76,724	16,670	329,989
Real estate taxes	17,159	21,778	29,751	35,203	57,805	5,563	130,308	202	25,309	323,078
Rents	-	-	-	-	-	-	4,386	-	-	4,386
Total occupancy	209,761	176,377	407,610	572,954	336,905	69,803	2,438,156	670,122	248,477	5,130,165
Other expenses:										
Professional fees	13,489	12,963	24,587	95,449	28,599	7,327	51,403	55,038	16,701	305,556
Management fees	39,479	42,025	48,499	66,187	42,005	6,397	258,018	109,449	44,911	656,970
Office and other	4,424	5,129	7,420	25,624	9,395	1,727	60,770	29,232	6,182	149,903
Miscellaneous	1,437	1,355	2,360	13,750	1,811	104	22,117	52,234	2,309	97,477
Telephone and communications	4,961	5,351	2,265	4,280	3,183	305	16,071	19,353	4,114	59,883
Bad debts	-	-	-	-	-	-	1,150	-	-	1,150
Total other expenses	63,790	66,823	85,131	205,290	84,993	15,860	409,529	265,306	74,217	1,270,939
Total operating expenses before interest - amortization and depreciation and amortization	336,473	306,468	590,018	962,018	558,770	104,283	3,449,692	1,291,813	415,379	8,014,914
Interest - amortization	3,129	3,641	6,097	31,100	8,066	-	26,878	14,740	-	93,651
Depreciation and amortization	201,635	191,081	337,988	60,541	75,232	37,347	1,304,478	580,814	224,245	3,013,361
Total operating expenses	541,237	501,190	934,103	1,053,659	642,068	141,630	4,781,048	1,887,367	639,624	11,121,926
Changes in net assets without donor restrictions from operations	(171,694)	(104,985)	(115,886)	133,981	207,851	(35,396)	(175,867)	103,057	(53,702)	(212,641)
Deferred Interest	(301,508)	(46,756)	(199,437)	-	(32,998)	-	(19,815)	(473,937)	-	(1,074,451)
Changes in net assets without donor restrictions	\$ (473,202)	\$ (151,741)	\$ (315,323)	\$ 133,981	\$ 174,853	\$ (35,396)	\$ (195,682)	\$ (370,880)	\$ (53,702)	\$ (1,287,092)

Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties
For the Years Ended December 31, 2019 and 2018

	St. Patricks Place LP	Putnam Place LP	Churchill Court LP	Squirrel Brand LP	Squirrelwood LLC	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates/ The Close Building LLC	Wellington- Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments LLC	JAS Consolidated LLC	JAS Properties	Total
Net Assets, December 31, 2017	\$ (68,536)	\$ 14,837	\$ (32,352)	\$ (2,820,684)	\$ -	\$ 1,199,645	\$ 2,081,805	\$ 735,781	\$ 195,832	\$ (6,935)	\$ 14,718,710	\$ (7,911,961)	\$ (495,469)	\$ 7,610,673
Capital contributions	-	-	-	-	-	-	-	-	-	-	9,329,481	2,135,250	-	11,464,731
Syndication of TCBLLC	-	-	-	-	-	-	-	(5,352,244)	-	-	-	-	-	(5,352,244)
Syndication costs	-	-	-	-	-	-	-	(97,417)	-	-	-	-	-	(97,417)
Distributions	-	-	-	-	-	(16,747)	-	-	-	-	(373,233)	-	-	(389,980)
Net asset transfer	68,536	(14,837)	32,352	-	-	-	-	-	-	-	-	-	(505,775)	(419,724)
Changes in net assets	-	-	-	(473,202)	-	(151,741)	(315,323)	133,981	174,853	(35,396)	(195,682)	(370,880)	(53,702)	(1,287,092)
Net Assets, December 31, 2018	-	-	-	(3,293,886)	-	1,031,157	1,766,482	(4,579,899)	370,685	(42,331)	23,479,276	(6,147,591)	(1,054,946)	11,528,947
Capital contributions	-	-	-	-	-	-	-	1,643,707	-	-	-	-	-	1,643,707
Syndication costs	-	-	-	-	(47,562)	-	-	(3,081)	-	-	-	-	-	(50,643)
Distributions	-	-	-	-	-	(26,272)	-	-	-	-	(953,662)	(5,983)	-	(985,917)
Syndication of Squirrelwood	-	-	-	2,369,327	(3,489,299)	-	-	-	(418,668)	-	-	-	-	(1,538,640)
Net asset transfer	-	-	-	-	-	-	-	(196,408)	-	-	-	-	80,949	(115,459)
Changes in net assets	-	-	-	924,559	(130,876)	(155,185)	(342,418)	388,263	47,983	(24,892)	6,926	(1,381,226)	(66,326)	(733,192)
Net Assets, December 31, 2019	\$ -	\$ -	\$ -	\$ -	\$ (3,667,737)	\$ 849,700	\$ 1,424,064	\$ (2,747,418)	\$ -	\$ (67,223)	\$ 22,532,540	\$ (7,534,800)	\$ (1,040,323)	\$ 9,748,803