

**AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

## JUST-A-START CORPORATION AND AFFILIATES

Contents  
December 31, 2015

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## 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 statement of financial position as of December 31, 2015, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the year 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 audit. We did not audit the financial statements of the Controlled Affiliates of the Agency, with the exception of Next Step Housing Corporation, which we audited as of and for the year ended December 31, 2015. The remainder of the financial statements of the Controlled Affiliates were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the Controlled Affiliates, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

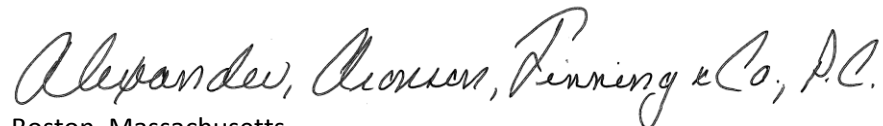
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, based on our audit 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, 2015, and the changes in their net assets and their cash flows for the year the ended, in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplementary information shown on pages 39 through 41 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 Next Step Housing Corporation as of and for the year ended December 31, 2015, has 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 Controlled Affiliates of the Agency, aside from Next Step Housing Corporation, is based on the reports of other auditors, is fairly stated in all material respects to the consolidating financial statements as a whole.



Boston, Massachusetts  
September 21, 2016

**JUST-A-START CORPORATION AND AFFILIATES**

 Consolidating Statement of Financial Position  
 December 31, 2015

Assets	Just-A-Start	Rental Properties		Eliminations	Total
	Operating	Directly Owned	Controlled Affiliates (Exhibit A)		
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 3,726,904	\$ 374,854	\$ 1,218,833	\$ -	\$ 5,320,591
Rent receivable	-	21,420	53,750	-	75,170
Escrows	-	15,844	112,271	-	128,115
Accounts and grants receivable	1,129,837	-	-	-	1,129,837
Current portion of notes receivable	253,892	-	-	-	253,892
Current portion of due from affiliates	824,722	-	169,316	(994,038)	-
Prepaid expenses and other	85,248	16,552	41,662	-	143,462
Current portion of projects under development	1,598,605	-	-	-	1,598,605
Total current assets	<u>7,619,208</u>	<u>428,670</u>	<u>1,595,832</u>	<u>(994,038)</u>	<u>8,649,672</u>
<b>Other Assets:</b>					
Restricted deposits	1,025,971	444,258	2,253,395	-	3,723,624
Due from affiliates, net of current portion	1,236,100	-	-	(1,236,100)	-
Investment in affiliates	83,920	-	-	(83,920)	-
Notes receivable, net of current portion	3,597,860	-	-	-	3,597,860
Notes receivable - affiliates, net of valuation allowance	460,000	-	-	(460,000)	-
Projects under development, net of current portion	500,322	-	4,400,581	(22,689)	4,878,214
Capitalized costs, net	-	-	259,053	-	259,053
Total other assets	<u>6,904,173</u>	<u>444,258</u>	<u>6,913,029</u>	<u>(1,802,709)</u>	<u>12,458,751</u>
Property and Equipment, net	<u>2,702,048</u>	<u>7,918,260</u>	<u>51,962,939</u>	<u>(8,263,016)</u>	<u>54,320,231</u>
Total assets	<u>\$ 17,225,429</u>	<u>\$ 8,791,188</u>	<u>\$ 60,471,800</u>	<u>\$ (11,059,763)</u>	<u>\$ 75,428,654</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current portion of long-term debt	\$ 1,557,960	\$ 248,984	\$ 2,206,011	\$ -	\$ 4,012,955
Current portion of accounts payable and accrued expenses	679,022	114,262	908,411	-	1,701,695
Current portion of due to affiliates	169,316	11,000	813,722	(994,038)	-
Total current liabilities	<u>2,406,298</u>	<u>374,246</u>	<u>3,928,144</u>	<u>(994,038)</u>	<u>5,714,650</u>
<b>Long-term Liabilities:</b>					
Long-term debt, net of current portion	1,920,652	2,776,270	12,430,273	(98,339)	17,028,856
Contractual advances	3,451,925	-	-	-	3,451,925
Due to affiliates, net of current portion	-	-	1,267,939	(1,267,939)	-
Contingent debt and deferred interest	1,090,000	8,480,089	40,135,961	(25,382,892)	24,323,158
Total long-term liabilities	<u>6,462,577</u>	<u>11,256,359</u>	<u>53,834,173</u>	<u>(26,749,170)</u>	<u>44,803,939</u>
Total liabilities	<u>8,868,875</u>	<u>11,630,605</u>	<u>57,762,317</u>	<u>(27,743,208)</u>	<u>50,518,589</u>
<b>Net Assets:</b>					
<b>Unrestricted:</b>					
Operating	4,994,864	303,408	1,156,876	-	6,455,148
Real estate development	1,320,021	-	-	-	1,320,021
Property and equipment	1,121,677	(3,142,825)	1,552,607	13,208,205	12,739,664
Loan capital	832,149	-	-	-	832,149
Total unrestricted	<u>8,268,711</u>	<u>(2,839,417)</u>	<u>2,709,483</u>	<u>13,208,205</u>	<u>21,346,982</u>
Temporarily restricted	<u>87,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,843</u>
Total Just-A-Start and Affiliates' net assets	<u>8,356,554</u>	<u>(2,839,417)</u>	<u>2,709,483</u>	<u>13,208,205</u>	<u>21,434,825</u>
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,475,240</u>	<u>3,475,240</u>
Total net assets	<u>8,356,554</u>	<u>(2,839,417)</u>	<u>2,709,483</u>	<u>16,683,445</u>	<u>24,910,065</u>
Total liabilities and net assets	<u>\$ 17,225,429</u>	<u>\$ 8,791,188</u>	<u>\$ 60,471,800</u>	<u>\$ (11,059,763)</u>	<u>\$ 75,428,654</u>

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

**JUST-A-START CORPORATION AND AFFILIATES**

 Consolidating Statement of Activities  
 For the Year Ended December 31, 2015

	Just-A-Start	Rental Properties		Eliminations	Total
	Operating	Directly Owned	Controlled Affiliates (Exhibit B)		
<b>Unrestricted Net Assets:</b>					
Operating revenues:					
Rental income	\$ -	\$ 1,554,028	\$ 7,896,249	\$ -	\$ 9,450,277
Contracts	3,316,822	-	-	-	3,316,822
Project management and developer fees	1,661,473	-	-	14,091	1,675,564
Grants and contributions	493,246	-	-	-	493,246
Interest income and other	54,145	10,917	218,726	(23,906)	259,882
Net assets released from purpose restriction	63,210	-	-	-	63,210
	5,588,896	1,564,945	8,114,975	(9,815)	15,259,001
Total operating revenues					
Operating expenses:					
Training	1,703,579	-	-	-	1,703,579
Shelter	729,432	-	-	-	729,432
Housing services	1,032,561	-	-	-	1,032,561
Real estate development	630,254	-	-	-	630,254
Rental	-	1,199,328	5,852,553	(521,577)	6,530,304
General and administrative	1,070,806	-	-	-	1,070,806
Fundraising	208,942	-	-	-	208,942
	5,375,574	1,199,328	5,852,553	(521,577)	11,905,878
Total operating expenses before depreciation and amortization					
Depreciation and amortization	173,110	512,954	1,629,934	-	2,315,998
	5,548,684	1,712,282	7,482,487	(521,577)	14,221,876
Total operating expenses					
Changes in unrestricted net assets from operations	40,212	(147,337)	632,488	511,762	1,037,125
Other income (expense):					
Gain on sale of historic tax credits	1,083,000	-	-	-	1,083,000
Capital grants	201,071	72,340	-	-	273,411
Reserve of investments made with capital grants and historic tax credits	(1,188,000)	-	-	1,188,000	-
Deferred interest	-	(7,520)	(530,722)	178,542	(359,700)
	96,071	64,820	(530,722)	1,366,542	996,711
Total other income (expense)					
Changes in unrestricted net assets	136,283	(82,517)	101,766	1,878,304	2,033,836
<b>Temporarily Restricted Net Assets:</b>					
Grants and contributions	87,843	-	-	-	87,843
Net assets released from purpose restrictions	(63,210)	-	-	-	(63,210)
	24,633	-	-	-	24,633
Changes in temporarily restricted net assets					
Changes in net assets	160,916	(82,517)	101,766	1,878,304	2,058,469
<b>Changes in Net Assets Attributable to Non-Controlling Interests</b>	-	-	864,267	-	864,267
Changes in net assets attributable to Just-A-Start Corporation	\$ 160,916	\$ (82,517)	\$ 966,033	\$ 1,878,304	\$ 2,922,736

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

**JUST-A-START CORPORATION AND AFFILIATES**

 Consolidating Statement of Changes in Net Assets  
 For the Year Ended December 31, 2015

	<b>Just-A-Start and Consolidated Entities' Net Assets</b>						
	<b>Rental Properties</b>			<b>Eliminations</b>	<b>Total</b>	<b>Non- Controlling Interest</b>	<b>Total</b>
	<b>Operating</b>	<b>Directly Owned</b>	<b>Controlled Affiliates (Exhibit C)</b>				
<b>Net Assets</b> , December 31, 2014, as previously stated	\$ 5,227,806	\$ (2,369,282)	\$ 16,136,722	\$ (323,257)	\$ 18,671,989	\$ 1,602,159	\$ 20,274,148
Prior period adjustments	227,618	(387,618)	-	-	(160,000)	-	(160,000)
<b>Net Assets</b> , December 31, 2014, as restated	5,455,424	(2,756,900)	16,136,722	(323,257)	18,511,989	1,602,159	20,114,148
Capital contributions	-	-	2,752,228	(2,752,128)	100	2,752,128	2,752,228
Changes in net assets	160,916	(82,517)	101,766	2,742,571	2,922,736	(864,267)	2,058,469
Resyndication of Rindge project	2,740,214	-	(16,258,798)	13,518,584	-	-	-
Distributions	-	-	(22,435)	22,435	-	(14,780)	(14,780)
<b>Net Assets</b> , December 31, 2015	<u>\$ 8,356,554</u>	<u>\$ (2,839,417)</u>	<u>\$ 2,709,483</u>	<u>\$ 13,208,205</u>	<u>\$ 21,434,825</u>	<u>\$ 3,475,240</u>	<u>\$ 24,910,065</u>

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

**JUST-A-START CORPORATION AND AFFILIATES**

 Consolidating Statement of Cash Flows  
 For the Year Ended December 31, 2015

	Just-A-Start	Rental Properties		Eliminations	Total
	Operating	Directly Owned	Controlled Affiliates		
<b>Cash Flows from Operating Activities:</b>					
Changes in net assets	\$ 160,916	\$ (82,517)	\$ 101,766	\$ 1,878,304	\$ 2,058,469
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Capital grants	(201,071)	(72,340)	-	-	(273,411)
Depreciation and amortization	173,110	512,954	1,629,934	-	2,315,998
Bad debts	8,488	62	12,264	-	20,814
Deferred interest	-	7,520	530,722	(178,542)	359,700
Changes in operating assets and liabilities:					
Rent receivable	-	(8,559)	(12,279)	-	(20,838)
Escrows	-	(1,789)	250,970	-	249,181
Accounts and grants receivable	136,863	-	-	-	136,863
Due from affiliates	(399,825)	-	(169,316)	569,141	-
Prepaid expenses and other	(57,140)	(3,048)	10,325	-	(49,863)
Accounts payable and accrued expenses	207,416	9,270	(707,760)	110,699	(380,375)
Due to affiliates	169,316	(55,000)	1,066,635	(1,180,951)	-
Net cash provided by operating activities	<u>207,985</u>	<u>306,553</u>	<u>2,713,261</u>	<u>1,198,651</u>	<u>4,426,450</u>
<b>Cash Flows from Investing Activities:</b>					
Purchase of property and equipment	(213,813)	(88,837)	(5,110,810)	-	(5,413,460)
Reimbursement (purchase) of projects under development	1,241,427	-	(4,400,581)	22,689	(3,136,465)
Net decrease in notes receivable	103,090	-	-	-	103,090
Decrease in investment in affiliates	7,655	-	-	(7,655)	-
Decrease (increase) in restricted deposits	62,287	(12,048)	433,205	-	483,444
Resyndication costs and refinance proceeds	2,740,214	-	(2,740,214)	-	-
Net cash provided by (used in) investing activities	<u>3,940,860</u>	<u>(100,885)</u>	<u>(11,818,400)</u>	<u>15,034</u>	<u>(7,963,391)</u>
<b>Cash Flows from Financing Activities:</b>					
Proceeds from long-term debt and contingent debt	-	-	7,070,282	(1,221,340)	5,848,942
Capital grants	201,071	72,340	-	-	273,411
Payments long-term debt and contingent debt	(841,138)	(234,217)	(360,657)	-	(1,436,012)
Capitalized costs	-	-	(23,579)	-	(23,579)
Capital contributions	-	-	2,752,228	-	2,752,228
Distributions	-	-	(22,435)	7,655	(14,780)
Net cash provided by (used in) financing activities	<u>(640,067)</u>	<u>(161,877)</u>	<u>9,415,839</u>	<u>(1,213,685)</u>	<u>7,400,210</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>3,508,778</u>	<u>43,791</u>	<u>310,700</u>	<u>-</u>	<u>3,863,269</u>
<b>Cash and Cash Equivalents:</b>					
Beginning of year	<u>218,126</u>	<u>331,063</u>	<u>908,133</u>	<u>-</u>	<u>1,457,322</u>
End of year	<u>\$ 3,726,904</u>	<u>\$ 374,854</u>	<u>\$ 1,218,833</u>	<u>\$ -</u>	<u>\$ 5,320,591</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>					
Cash paid for interest	<u>\$ 52,785</u>	<u>\$ 192,603</u>	<u>\$ 523,154</u>	<u>\$ (23,906)</u>	<u>\$ 744,636</u>
Projects under development placed in service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,426,566</u>	<u>\$ -</u>	<u>\$ 1,426,566</u>
<b>Supplemental Disclosure of Non-Cash Investing and Financing Transactions:</b>					
Note issuance on sale of real estate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,781,600</u>	<u>\$(21,781,600)</u>	<u>\$ -</u>



JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statement of Functional Expenses  
For the Year Ended December 31, 2015

	Just-A-Start						Rental Properties				
	Program Services				Supporting Services		Directly Owned	Controlled Affiliates (Exhibit B)	Eliminations	Total	
	Training	Shelter	Housing Services	Real Estate Development	General and Administrative	Fundraising					Total
<b>Personnel and Related:</b>											
Salaries	\$ 1,165,830	\$ 490,083	\$ 653,841	\$ 490,401	\$ 494,691	\$ 160,526	\$ 3,455,372	\$ -	\$ -	\$ -	\$ 3,455,372
Contract labor	8,022	-	827	1,000	19,709	-	29,558	204,722	1,137,536	-	1,371,816
Employee benefits	106,309	54,946	62,400	76,067	48,924	18,918	367,564	-	-	-	367,564
Payroll taxes	76,912	41,309	49,039	37,664	37,162	13,038	255,124	-	-	-	255,124
Total personnel and related	1,357,073	586,338	766,107	605,132	600,486	192,482	4,107,618	204,722	1,137,536	-	5,449,876
<b>Occupancy:</b>											
Utilities	15,236	14,450	2,105	1,349	1,883	446	35,469	106,298	1,032,083	-	1,173,850
Contracted services	750	6,000	-	-	-	-	6,750	296,133	1,060,211	(388,804)	974,290
Interest	12,856	36,627	-	3,302	-	-	52,785	192,603	523,154	(23,906)	744,636
Repairs and maintenance	9,090	25,931	634	529	4,234	639	41,057	62,679	602,426	-	706,162
Real estate taxes	-	-	-	-	-	-	-	80,266	345,506	-	425,772
Insurance	16,606	4,767	1,283	286	11,053	-	33,995	46,085	227,831	-	307,911
Rents	84,110	1,107	16,409	35,905	21,098	2,800	161,429	-	1,382	-	162,811
Total occupancy	138,648	88,882	20,431	41,371	38,268	3,885	331,485	784,064	3,792,593	(412,710)	4,495,432
<b>Other Expenses:</b>											
Professional fees	11,292	11,868	5,624	10,163	277,793	4,628	321,368	44,596	170,854	-	536,818
Management fees	-	-	-	-	-	-	-	133,136	504,920	(108,867)	529,189
Program and client expenses	73,253	23,981	220,403	6,637	18,483	2,266	345,023	-	-	-	345,023
Office and other	35,016	7,077	4,676	4,493	46,833	2,945	101,040	16,678	108,291	-	226,009
Telephone and communications	12,182	6,473	6,044	2,674	82,221	854	110,448	8,559	34,368	-	153,375
Miscellaneous	10,999	1,399	4,116	4,296	6,722	1,882	29,414	7,236	91,727	-	128,377
Grant expense	40,062	-	5,160	-	-	-	45,222	-	-	-	45,222
Vehicle	25,054	3,414	-	-	-	-	28,468	275	-	-	28,743
Bad debts	-	-	-	8,488	-	-	8,488	62	12,264	-	20,814
Total other expenses	207,858	54,212	246,023	36,751	432,052	12,575	989,471	210,542	922,424	(108,867)	2,013,570
Total expenses before depreciation and amortization	1,703,579	729,432	1,032,561	683,254	1,070,806	208,942	5,428,574	1,199,328	5,852,553	(521,577)	11,958,878
<b>Depreciation and Amortization</b>	78,680	73,556	4,666	609	14,442	1,157	173,110	512,954	1,629,934	-	2,315,998
Total expenses before allocation of general and administrative	1,782,259	802,988	1,037,227	683,863	1,085,248	210,099	5,601,684	1,712,282	7,482,487	(521,577)	14,274,876
<b>Allocation of general and administrative</b>	428,256	192,949	249,234	164,324	(1,085,248)	50,485	-	-	-	-	-
Total expenses with capitalized costs	2,210,515	995,937	1,286,461	848,187	-	260,584	5,601,684	1,712,282	7,482,487	(521,577)	14,274,876
Less - capitalized costs	-	-	-	(53,000)	-	-	(53,000)	-	-	-	(53,000)
Total expenses	\$ 2,210,515	\$ 995,937	\$ 1,286,461	\$ 795,187	\$ -	\$ 260,584	\$ 5,548,684	\$ 1,712,282	\$ 7,482,487	\$ (521,577)	\$ 14,221,876

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

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 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- and 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 an eleven-member volunteer Board of Directors. The vast majority of Board members are residents of communities served by JAS, including residents of JAS housing and graduates of JAS education and training programs. JAS's operations are managed by an Executive Director with extensive experience in nonprofit leadership, including strategic planning for new services, facilities, and programs; advocacy, community relations, and financial management. JAS employs sixty staff in three facilities in Cambridge and Somerville, Massachusetts (Somerville). JAS's skilled staff includes teachers, case managers, licensed social workers, an attorney, trained mediators, construction managers, and project managers. Approximately fifty volunteers serve JAS each year, primarily in its YouthBuild program and Just-A-Start House. JAS is supported by funding from a variety of public and private sources, grants, contracts, and fees.

JAS operates the following programs:

#### ***Real Estate Development***

##### Affordable Rental Housing and Resident Services

JAS develops, maintains, and owns 598 units of affordable rental housing for low- to moderate-income tenants in Cambridge (with the exception of six units in Somerville).

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

#### Operations (Continued)

##### *Real Estate Development* (Continued)

###### 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 home buyers. These units are generally affordable to families earning 60% to 80% of the area 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.

###### Condo Resale Program

There are more than 500 homeownership units in the City of Cambridge 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

A comprehensive education, training, and service program for 17 to 24 year old youth who have dropped out for high school, providing the opportunity for them to earn their high school diploma or HiSET and gain leadership and workforce skills. Youth spend half their time in educational programs, including counseling and leadership development activities and half of their time learning construction skills working on professionally supervised housing renovation projects that benefit their community.

###### Biomedical Careers Program

This 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, computers, and laboratory skills. Students also receive job readiness training and job search support. Graduates may be eligible to receive college credits through a partnership with Bunker Hill Community College.

###### TeenWork

A job readiness and placement program that helps Cambridge high school students prepare for and secure after school and summer jobs in the private sector.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

#### Operations (Continued)

##### *Education and Training* (Continued)

###### Career Connection

A year-round, school-to-career support program for low-income, academically at-risk students. The aim of the program is to provide academic support, college and career readiness activities, and a support system, including mentors, to assist students in identifying and addressing life skill needs, help them in accessing resources, and gain competencies needed for success in school and life.

###### Summer Youth Enrichment Program

A paid work experience and enrichment program that operates for six weeks in July and August. Youth spend half their time in academic enrichment and life skills courses, and half their time working with housing/rehabilitation/beautification crews providing community services to the City of Cambridge.

##### *Housing Resources*

###### Home Improvement Program

Provides technical and financial assistance to Cambridge homeowners of one to four unit properties looking to renovate their house, condominium, or small rental property. JAS's experienced rehab specialists guide clients through the entire process, from application to completion. Financial assistance is limited to those earning up to 120% of area median income.

###### Housing Stabilization Services

Work with at-risk tenants, landlords, and low-income condo owners to support housing stability and prevent homelessness through mediation, emergency financial assistance, and legal services. JAS also provides workshops for tenants and landlords and agency trainings for skills development to support homelessness prevention.

###### Just-A-Start House Teen Parent Program

Provides temporary housing and comprehensive support services to homeless families headed by young mothers between the ages of 13 and 21, referred by the Massachusetts Department of Children and Families and Department of Transitional Assistance. JAS House is a licensed group home that provides a safe, supportive, and progressively independent living environment for these young families. Residents receive case management and programming to support parenting, education and careers, money management, life skills, and housing search. In May 2016, JAS ceased operation of this program. The building will be sold to another owner in 2016.

###### Resident Services

Resident services for tenants of JAS's affordable rental properties include community activities, education and supportive services (such as ESOL and computer classes and support groups), and referral services to tenants and assists property management in addressing resident issues.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

#### 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 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).

#### 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.

#### 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 and Cash Equivalents

For the purpose of the consolidating statement 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.

#### Projects Under Development

All real estate and project-related costs incurred during construction 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 6) in the accompanying consolidating statement 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 statement of financial position.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 7). Depreciation is calculated using the straight-line method over the following estimated useful lives:

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 the year ended December 31, 2015.

#### Capitalized Costs and Amortization

Capitalized costs consist of intangible costs of financing transactions which have been capitalized and are amortized on the straight-line basis over the terms of the related financing (twenty to fifty years) (see Note 8).

#### Revenue Recognition

Contracts are recognized over the term of the contract as services are provided. Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets 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 unrestricted net assets.

Interest income is recognized when earned. Project management and developer fees are recorded as earned based on the terms and timing stated in each developer fee agreement. Revenue recognition is limited for projects that are still in the predevelopment stage to distinguish them from projects that have secured financing. Due to the contingent nature of certain developer fees, some are discounted or not recognized until received or 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. All other revenue is recognized when earned.

#### 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.

#### 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, 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **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).

#### **Net Asset Classifications**

##### ***Unrestricted Net Assets***

Unrestricted net assets 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.

**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.

**Loan Capital** net assets consist of capital resources available as lending capital for the Agency's lending programs.

During 2016, JAS was contacted by the City of Cambridge and informed that the initial funding for amounts included in loan capital net assets came from the City of Cambridge and should be reported as part of the contractual advances liability (see Note 5). Management is working with the City to resolve the matter during 2016. The consolidating financial statements have not been adjusted for any possible outcomes associated with the issue.

##### ***Temporarily Restricted Net Assets***

JAS receives grants and contributions which are designated by donors for specific purposes. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes. Temporarily restricted net assets were all purpose restricted at December 31, 2015.

##### ***Non-Controlling Interest***

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

##### **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.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

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.

#### Subsequent Events

Subsequent events have been evaluated through September 21, 2016, which is the date the consolidating financial statements were available to be issued. See Notes 12 and 14 for events that met the criteria for recognition and disclosure in the consolidating financial statements.

#### Income Taxes

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, 2015. However, JAS and Affiliates are generally subject to audit by tax authorities for the most recent three years. JAS and Affiliates believe that they have appropriate support for the positions taken on their information and tax returns.



## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes (Continued)

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 \$189,000 available to offset future taxable income as of December 31, 2015. The corporate affiliates had, for state income tax purposes, net operating loss carryforwards of approximately \$102,000 available to offset future taxable income as of December 31, 2015. These carryforwards expire at various dates through 2035. 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 the partnership affiliates, as the income, loss and credits are reported by the partners on their respective income tax returns.

### 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 page 19 and Note 6). Prior to the formation of JAS Homeownership, the condominium units were purchased and rehabilitated by JAS. At December 31, 2015, both entities owned condominium units, which are included in projects under development in the accompanying consolidating financial statements.

##### *Controlled Affiliates:*

##### Directly Owned Limited Partnerships

**St. Patricks Place Limited Partnership** (St. Patricks), a Massachusetts limited partnership, which operates thirty-two units of affordable residential apartments in Cambridge. The property is being operated pursuant to an Affordable Housing Agreement with the City and an Affordable Housing Covenant with the Roman Catholic Archbishop of Boston. St. Patricks also entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with the Department of Housing and Community Development (DHCD). JAS controls 100% of St. Patricks' equity interests by 50% ownership as the limited partner and 50% as the general partner, St. Patricks/JAS Inc. (see page 17).

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### *Controlled Affiliates:* (Continued)

##### Directly Owned Limited Partnerships (Continued)

**Putnam Place Limited Partnership** (Putnam Place), a Massachusetts limited partnership, which operates twelve units of affordable residential apartments located in Cambridge. The property is being operated pursuant to an Affordable Housing Agreement with the City. Putnam Place also entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD. JAS controls 100% of Putnam Place's equity interests by 99% ownership as the limited partner and 1% as the general partner, Putnam/JAS, Inc. (see page 17).

##### Syndicated Rental Properties

**Churchill Court Limited Partnership** (Churchill Court), a Massachusetts limited partnership, which owns and operates twelve units of affordable residential apartments in Cambridge. The property is being operated pursuant to an Affordable Housing Restriction Agreement with DHCD. Churchill Court also entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD. JAS owns less than 1% of Churchill Court's equity interests, but controls Churchill Court's general partner, Churchill/JAS, Inc. (see page 17).

**Squirrel Brand Limited Partnership** (Squirrel Brand), a Massachusetts limited partnership, which operates twenty units of affordable residential apartments located in Cambridge. The property is being operated pursuant to an Affordable Housing Restriction Agreement with DHCD. The property is also being operated pursuant to an Affordable Housing Restriction Agreement with the City. Squirrel Brand entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD. JAS owns less than 1% of Squirrel Brand's equity interests, but controls Squirrel Brand's general partner, Squirrel/JAS, Inc. (see page 17).

**Close Building Associates Limited Partnership** (Close Building), a Massachusetts limited partnership, which operates sixty-one units of residential apartments located in Cambridge for low- and moderate-income families/individuals. JAS owns less than 2% of Close Building's equity interests, but controls Close Building's general partner, JASDC, Inc. (see page 17).

**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 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. JAS owns less than 1% of Elm Place's equity interests, but controls Elm Place's general partner, Elm Place/JAS, Inc. (see page 17).

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### *Controlled Affiliates:* (Continued)

##### Syndicated Rental Properties (Continued)

**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, an occupied rehabilitation, is being financed using 4% Low Income Tax Credits and Tax Exempt Bond financing through MassDevelopment, as well as Massachusetts Historic Rehabilitation Tax Credits. The property was purchased by Bishop Allen from JAS Affordable on June 30, 2014. JAS is the sponsor and developer of the project and will earn developer fee and overhead. The Investor Members have committed a total of \$3,673,758 of capital contributions, due in five installments. As of December 31, 2015, the Investor Members have contributed \$1,653,192 to Bishop Allen. The remaining capital contributions of \$2,020,566 are due in two installments, as specified in the operating agreement. JAS owns less than 1% of Bishop Allen's equity interests, but controls Bishop Allen's general partner, Bishop Allen JAS, LLC (see page 17).

**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, an occupied rehabilitation, is being financed using 4% Low Income Tax Credits, bridge and permanent financing through MassHousing, as well as through a seller note to JAS (see page 18). The property was purchased by Rindge Tower from JAS in December 2015 (see Note 6). JAS is the sponsor and developer of the project and will earn developer fee and overhead. The Investor Members have committed a total of \$11,000,000 of capital contributions, due in five installments. As of December 31, 2015, the Investor Members have contributed \$1,650,000 to Rindge Tower. The remaining capital contributions are due in four installments, as specified in the operating agreement. JAS owns less than 1% of Rindge Tower's equity interests, but controls Rindge Tower's general partner, Rindge Tower Apartments JAS, LLC (see page 17).

##### Non-Profit Rental Properties

**Wellington-Harrington Development Corporation** (Wellington-Harrington), a Massachusetts not-for-profit corporation, which operates forty-five units of rental housing named Linwood Court and is located in Cambridge, of which 25% or twelve units must be rented to low-income tenants. The project is regulated by the Massachusetts Housing Finance Agency (MassHousing) as to rent charges, operating methods, and equity owner's distributions. The property is being operated pursuant to an Affordable Housing Restriction Agreement with the City and the CAHT. Wellington-Harrington and JAS are commonly controlled through common directors and management. In April 2015, the Internal Revenue Service (IRS) approved Wellington-Harrington's tax exempt status under 501(c)(4) of the IRC.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### **Controlled Affiliates:** (Continued)

##### Non-Profit Rental Properties (Continued)

**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.

**402 Rindge Corporation** (402 Rindge), a Massachusetts not-for-profit corporation, which operated a residential apartment complex of 273 units located in Cambridge. The property was operated under Section 236 of the National Housing Act and Section 220(d)(3)(B) of the Low Income Housing Preservation and Resident Homeownership Act of 1990. 402 Rindge and JAS were commonly controlled through common directors and management. During December 2015, 402 Rindge merged with JAS (see Note 6).

After merging, JAS sold the 273-unit property previously owned by 402 Rindge to Rindge Tower for \$22,300,000 and an additional \$2,740,214 for reimbursements related to certain reserves, contracts and development costs. The resulting gain on sale of property of \$8,263,016 is shown net of the reserve on the seller note of \$21,781,600 as re-syndication of Rindge project (\$13,518,584) in the accompanying consolidating statement of changes in net assets.

**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 general partners of JAS are included in the consolidating financial statements:

- **St. Patricks/JAS, Inc.**, general partner of St. Patricks.
- **Putnam/JAS, Inc.**, general partner of Putnam Place.
- **Churchill/JAS, Inc.**, general partner of Churchill Court.
- **JASDCDC, Inc.**, co-general partner of Close Building.
- **Squirrel/JAS, Inc.**, general partner of Squirrel Brand.
- **Elm Place/JAS, Inc.**, general partner of Elm Place.
- **Bishop Allen JAS, LLC**, managing member of Bishop Allen.
- **Rindge Tower Apartments JAS, LLC**, managing member of Rindge Tower.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 3. RELATED PARTY TRANSACTIONS (Continued)

Transactions among consolidating entities include:

#### Right of First Refusal

JAS has been granted a continuing right of first refusal with certain Controlled Affiliates to purchase the Controlled Affiliates' properties in the event that a Controlled Affiliate proposes to sell, transfer, or assign the property. JAS would be required to continue to maintain the property as low-income housing under this agreement.

#### 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 the value of some of these balances, including accrued interest, to reflect these assets at expected realizable values.

The balance consisted of the following as of December 31, 2015:

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest (see page 19)</u>	<u>Final Maturity</u>
Rindge Tower	1	3.75%	\$ 21,781,600	\$ 22,689	July 2058
Bishop Allen	2	3.14%	1,223,000	3,725	June 2054
Squirrel Brand	1	8.5%	660,000	1,574,622	May 2021
Putnam Place	2	5.53% - 8%	122,312	142,261	January 2017
Wellington-Harrington	1	7%	25,000	26,441	January 2017
			<u>23,811,912</u>	<u>1,769,738</u>	
Less - valuation allowances			<u>23,351,912</u>	<u>738,626</u>	
			460,000	1,031,112	
Less - current portion			<u>-</u>	<u>20,261</u>	
			<u>\$ 460,000</u>	<u>\$ 1,010,851</u>	

For the year ended December 31, 2015, interest earned by JAS on the above affiliate notes totaled \$225,137, which was fully reserved. As of December 31, 2015, all of the notes receivable between JAS and its Affiliates have been eliminated in the accompanying consolidating financial statements. The accrued interest, net of valuation allowances, is included in due from affiliates in the accompanying consolidating financial statements.

#### Management and Other Fees

JAS receives certain incentive and supplemental management fees and other program service fees from its rental projects. Fees received during the year ended December 31, 2015, totaled \$497,671. The incentive and supplemental management fees are recognized when paid based on prior year cash flow for annual services provided by JAS.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Developer Fees

JAS, in its role as sponsor and developer, earns developer fees from each project. JAS earned developer fees totaling \$1,605,526 during the year ended December 31, 2015, from the projects noted below, which are included in project management and development fees in the accompanying consolidated statement of activities and are shown net of reserves of \$509,762.

Rindge Tower	\$ 954,337
Bishop Allen	591,189
Condo Repurchase Program (see Note 6)	<u>60,000</u>
	<u>\$ 1,605,526</u>

Developer fees and other receivables were as follows as of December 31, 2015:

<u>Entity</u>	<u>Developer Fees</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
Squirrel Brand	\$ -	\$ 1,574,622	\$ 579,319	\$ 2,153,941
Bishop Allen	764,643	3,725	16,119	784,487
Putnam Place	-	142,261	40,000	182,261
Churchill Court	-	-	94,672	94,672
JAS Affordable	-	-	169,316	169,316
JAS Properties	-	-	11,000	11,000
St. Patricks	-	-	16,113	16,113
Wellington-Harrington	-	26,441	-	26,441
Rindge Tower	<u>470,376</u>	<u>22,689</u>	<u>-</u>	<u>493,065</u>
	1,235,019	1,769,738	926,539	3,931,296
Less - valuation allowance	<u>509,762</u>	<u>738,626</u>	<u>452,770</u>	<u>1,701,158</u>
	725,257	1,031,112	473,769	2,230,138
Less - current portion	<u>725,257</u>	<u>20,261</u>	<u>248,520</u>	<u>994,038</u>
	<u>\$ -</u>	<u>\$ 1,010,851</u>	<u>\$ 225,249</u>	<u>\$ 1,236,100</u>

As of December 31, 2015, the developer fees and other receivables included in due to and from related parties between JAS and Affiliates have been eliminated in the accompanying consolidating financial statements.

#### Investment in Affiliates

Investments in LPs and LLCs are accounted for using the cost method. Investments in LPs and LLCs consist of amounts invested by JAS into various LPs and LLCs through JAS's general partner subsidiaries (see page 16) 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, 2015

### 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 the following Controlled Affiliates for the year ended December 31, 2015:

	<u>Balance December 31, 2014</u>	<u>Capital Contributions</u>	<u>Investor Share of Net Income (Loss)</u>	<u>Distributions</u>	<u>Balance December 31, 2015</u>
Churchill Court	\$ 70,321	\$ -	\$ (69,477)	\$ -	\$ 844
Squirrel Brand	(1,663,040)	-	(387,496)	-	(2,050,536)
Elm Place	1,647,469	-	(152,617)	(14,780)	1,480,072
Bishop Allen	454,026	1,102,128	(352,709)	-	1,203,445
Close Building	1,093,383	-	29,281	-	1,122,664
Rindge Tower	-	1,650,000	68,751	-	1,718,751
	<u>\$ 1,602,159</u>	<u>\$ 2,752,128</u>	<u>\$ (864,267)</u>	<u>\$ (14,780)</u>	<u>\$ 3,475,240</u>

### 4. RESTRICTED DEPOSITS AND ESCROWS

The balances of restricted deposits and escrows include cash and highly liquid investments with an initial maturity of three months or less and consist of the following as of December 31, 2015:

	<u>Operating</u>	<u>Rental Properties</u>		<u>Total</u>
		<u>Directly Owned</u>	<u>Controlled Affiliates</u>	
Real estate and insurance escrows	\$ -	\$ 15,844	\$ 112,271	\$ 128,115
Restricted deposits:				
Replacement reserves	\$ -	\$ 391,937	\$ 1,322,638	\$ 1,714,575
Home Improvement Program funds (see Note 5)	1,025,971	-	-	1,025,971
Operating reserves	-	52,321	930,757	983,078
Total restricted deposits	<u>\$ 1,025,971</u>	<u>\$ 444,258</u>	<u>\$ 2,253,395</u>	<u>\$ 3,723,624</u>

Under the provisions of mortgage and partnership agreements, JAS and Affiliates are required to maintain operating reserves to fund potential future operating deficits.

Under the provisions of mortgage and partnership agreements (see Note 10), JAS and Affiliates are required to establish and maintain replacement reserves to fund future capital improvements.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 5. NOTES RECEIVABLE

#### Home Improvement Program

JAS, in collaboration with the City and Cambridge Savings Bank (CSB), 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.

As of December 31, 2015, JAS had the following notes receivable outstanding under HIP:

Type	# of Notes	Interest Rates	Principal Balance
City of Cambridge: Servicing notes	83	0% - 3%	\$ 2,202,355
Deferred payment	73	0%	<u>1,049,241</u>
			3,251,596
Cambridge Savings Bank	34	0% - 3%	578,421
Other			<u>21,735</u>
Total notes receivable outstanding			3,851,752
Less - current portion			<u>(253,892)</u>
			<u>\$ 3,597,860</u>

Servicing notes require monthly payments of principal and interest ranging from \$14 to \$1,036 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 advances provided by the City and the CSB line of credit (see Notes 10 and 11).

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

2016	\$ 253,892
2017	\$ 113,951
2018	\$ 114,283
2019	\$ 114,702
2020	\$ 120,221

#### Contractual Advances

As of December 31, 2015, contractual advances consist of \$3,451,925, which represents the aggregate amount of home improvement loan pool funds advanced by and due back to 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.



## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 6. PROJECTS UNDER DEVELOPMENT

The following is a summary of amounts included in projects under development as presented in the accompanying consolidating statement 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 statement 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, 2015, projects under development consist of the following:

Current:	
Condo Repurchase Program	<u>\$ 1,598,605</u>
Long-term:	
Rindge Tower Apartments	4,400,581
Condo Repurchase Program	430,143
JAS Consolidation	<u>70,179</u>
Sub-total long-term	4,900,903
Less - elimination	<u>22,689</u>
Total long-term	<u>4,878,214</u>
Total projects under development	<u>\$ 6,476,819</u>

Management of JAS has capitalized the above costs related to various projects, some of which have uncertain financing, because it believes 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 year ended December 31, 2015:

#### **Condo Repurchase Program**

JAS and 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 and 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 and JAS Homeownership for rehabilitation costs incurred. As of December 31, 2015, JAS and JAS Homeownership held eleven units totaling \$2,028,748. These units are secured by debt held by the City (see Note 10).

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 year ended December 31, 2015, JAS recognized developer fees under the Condo Repurchase Program totaling \$60,000 (see Note 3).

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 6. PROJECTS UNDER DEVELOPMENT (Continued)

#### Rindge Tower Apartments

In December 2015, 402 Rindge merged with JAS and subsequently JAS sold the property to Rindge Tower (see Note 3). Rindge Tower has begun the rehabilitation of the 273-unit property. At December 31, 2015, development costs of \$4,400,581 have been incurred and capitalized and are included in long-term portion of projects under development in the accompanying consolidating statement of financial position.

#### JAS Consolidation

During 2015, JAS incurred predevelopment costs in connection with a potential project to refinance and rehabilitate the Directly Owned and certain Controlled Affiliates' properties. The intent of the consolidation is to create an economy of scale for efficient financing of necessary rehabilitation work and to unify and simplify the management of debt, affordability restrictions, and tenant selection policies and practices of the portfolio. The project will include eleven properties with a total of 125 units. The refinance and rehabilitation will utilize 4% Low Income Housing Tax Credits and Tax Exempt Bond Financing. Management anticipates financing closing and construction to start in the early spring of 2017. All project-related costs have been capitalized. At December 31, 2015, development costs of \$70,179 have been incurred and capitalized and are included in long-term portion of projects under development in the accompanying consolidating statement of financial position.

### 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2015:

	<u>Operating</u>	<u>Rental Properties</u>		<u>Total</u>
		<u>Directly Owned</u>	<u>Controlled Affiliates</u>	
Land	\$ 151,528	\$ 1,155,718	\$ 15,330,923	\$ 16,638,169
Buildings and improvements	3,697,603	13,589,535	49,063,463	66,350,601
Equipment and furniture	171,343	122,788	1,546,415	1,840,546
Vehicles	60,604	-	-	60,604
	<u>4,081,078</u>	<u>14,868,041</u>	<u>65,940,801</u>	<u>84,889,920</u>
Less - accumulated depreciation	<u>1,379,030</u>	<u>6,949,781</u>	<u>13,977,862</u>	<u>22,306,673</u>
	<u>\$ 2,702,048</u>	<u>\$ 7,918,260</u>	<u>\$ 51,962,939</u>	62,583,247
Less - elimination				<u>8,263,016</u>
				<u>\$ 54,320,231</u>

Depreciation expense for the year ended December 31, 2015, totaled \$2,278,016.

During 2015, JAS sold Rindge Tower Apartments to Rindge Tower (see above), and a gain on the sale of the residential units was recorded by JAS, and is eliminated for consolidating financial statement purposes as an adjustment against the building's carrying value.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 8. CAPITALIZED COSTS AND AMORTIZATION

Capitalized costs consist of costs related to securing financing and deferred tax credit application fees. Capitalized costs are shown net of accumulated amortization of \$202,329 as of December 31, 2015. Amortization expense for the year ended December 31, 2015, was \$37,982. Amortization expense for the next five years is expected to be as follows:

2016	\$ 36,732
2017	\$ 20,851
2018	\$ 21,687
2019	\$ 17,350
2020	\$ 15,213

### 9. MANAGEMENT AGREEMENTS

JAS has agreements with two independent management companies to carry on the day-to-day operations of the rental properties. These management companies receive management fees ranging from 4% 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 paid management fees totaling \$529,789 for the year ended December 31, 2015, which are reflected as management fees in the accompanying consolidating statement of functional expenses.

### 10. LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2015:

#### Operating

##### *Condo Repurchase Program*

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 December 2017 and are secured by mortgages on the properties. \$ 1,917,412

##### *Home Improvement Program*

Revolving line of credit with CSB, which allows for borrowings up to \$1,000,000. Interest is payable monthly at a rate of 3%. The proceeds from the line of credit must be used to provide capital under JAS's HIP Program (see Note 5). Payments of principal are due upon the sale of the property securing the principal balance. All outstanding principal and interest are due at maturity in November 2021. The note is secured by the property under JAS's HIP Program. 593,650

##### *Just-A-Start House*

5.9% note payable to East Cambridge Savings Bank (ECSB), due in monthly installments of principal and interest of \$4,482 through June 2038. This note is secured by a first mortgage on this property which is operated as a shelter. 666,887

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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

#### Operating (Continued)

##### *Just-A-Start YouthBuild*

4% note payable to Bridge Loan Trust, due in monthly installments of principal and interest of \$4,242 through September 2022. This note is secured by a first mortgage on condominium unit number one at the Trembridge property.

	<u>300,663</u>
Total Operating	3,478,612
Total Directly Owned Rental Properties (see pages 29 and 30)	3,025,254
Total Controlled Affiliates (see pages 31 and 32)	14,636,284
Less - eliminations	<u>98,339</u>
Total JAS and Affiliates	21,041,811
Less - current portion	<u>4,012,955</u>
	<u>\$ 17,028,856</u>

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

2016	\$ 4,012,955
2017	\$ 1,088,383
2018	\$ 1,541,790
2019	\$ 1,950,750
2020	\$ 683,148

The above notes have certain financial and non-financial covenants with which JAS and Affiliates must comply. As of December 31, 2015, JAS and Affiliates were in compliance with applicable debt covenants.

### 11. 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. As of December 31, 2015, unrecorded deferred interest on forgivable contingent loans totaled approximately \$5,975,000.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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

Contingent debt and deferred interest consist of the following at December 31, 2015:

#### Operating

Non-interest bearing note payable to CEDAC. Payments of principal are due to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. The outstanding principal is due in September 2038. This note is secured by a second priority mortgage on property located at 114 Temple Street in Somerville, Massachusetts (Just-A-Start House). There are no principal payments due in 2016 based on 2015 cash flow.	\$ 550,000
8% note payable to the City. No payments are due provided the property is maintained as affordable housing. The note matures in April 2051, at which time the outstanding principal and accrued interest shall be forgiven. This note is secured by JAS's note receivable with Squirrel Brand (see Note 3).	460,000
Non-interest bearing notes payable to the City of Somerville. No payments of principal are due provided the property is maintained as affordable housing. The note matures in June 2018, at which time all principal shall be forgiven. This note is secured by a third priority mortgage on property located at 114 Temple Street in Somerville, Massachusetts.	<u>80,000</u>
Total Operating	1,090,000
Total Directly Owned Rental Properties (see page 33 - 35)	8,480,089
Total Controlled Affiliates (see pages 36 - 38)	<u>40,135,961</u>
Total contingent debt and deferred interest before eliminations	49,706,050
Less - eliminations	<u>25,382,892</u>
	<u>\$ 24,323,158</u>

The above notes 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, 2015.

### 12. 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.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 12. COMMITMENTS AND CONTINGENCIES (Continued)

#### General Partner and Sponsor Obligations (Continued)

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.

#### Long-Term Debt Commitments

JAS has secured a commitment from Local Initiatives Support Corporation (LISC) to fund predevelopment costs in the amount of \$577,725 for the JAS Consolidation project (see Note 6), which will be repaid at the finance and construction closing.

As of December 31, 2015, Rindge Tower had the following commitments:

- 2.5% bridge loan payable to MassHousing, which allows for borrowings up to \$7,500,000. The outstanding principal and accrued interest will be due on February 28, 2018, and is secured by a second mortgage on the property.
- 2.61% note payable to MassHousing, which allows for borrowings up to \$1,505,971. The outstanding principal and accrued interest will be due on July 1, 2058, and is secured by a third mortgage on the property.

#### Lease Commitments

JAS leases commercial space under a lease agreement that was set to expire in February 2016. In November 2015, JAS amended the lease extending the expiration date to February 2019 and increasing the monthly base rent to \$2,865 for 2016 and escalating by approximately 3% each subsequent year. Monthly base rent under this lease was \$2,323 for 2015.

In May 2015, JAS entered into a lease agreement to rent program space 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 \$6,025 for 2015 and escalating by approximately 2.5% each subsequent year. JAS is responsible for its proportionate share of condominium fees and real estate taxes.

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

2016	\$ 106,820
2017	\$ 110,589
2018	\$ 113,516
2019	\$ 85,234
2020	\$ 26,603

#### Other

During 2014, JAS was awarded \$100,000 of 2015 Community Investment Tax Credits (CITC) from DHCD to disburse to donors in exchange for donations. The CITCs are provided to donors based upon 50% of eligible donations. JAS received approximately \$169,000 in eligible donations during 2015 and provided \$84,500 in CITCs, leaving \$15,500 of 2015 credits to be carried over to 2016. Subsequent to year-end, JAS was awarded \$100,000 in 2016 credits.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

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### 13. 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. 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.

### 14. RETIREMENT PLANS

JAS maintains a qualified salary reduction 403(b) retirement plan (the Plan). The Plan covers substantially all of its employees who have met the eligibility requirements. The Board of Directors of JAS may vote to make an employer matching contribution to the Plan. No employer contributions have been made since the Plan's inception. Employee contributions vest immediately.

JAS established a new 401K retirement plan on January 1, 2016. All employees as of January 1, 2016, were immediately vested. 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.

### 15. CONDITIONAL GRANTS

During 2015, JAS was awarded a \$200,000 grant payable in equal installments over a two-year period. The first installment of the grant was received during 2015 and is included in grants and contributions in the accompanying consolidating financial statements. The second installment is contingent upon certain outcomes as defined in the grant agreement and has not been recorded in the accompanying consolidating financial statements.

During 2015, JAS was awarded a \$140,000 grant payable in two installments over a two-year period. The first installment of \$85,000 was received during 2015 and is included in grants and contributions in the accompanying consolidating financial statements. The second installment is contingent upon certain outcomes as defined in the grant agreement and has not been recorded in the accompanying consolidating financial statements.

### 16. PRIOR PERIOD ADJUSTMENTS

JAS and Affiliates discovered during 2015 that certain amounts at December 31, 2014, were improperly stated. Net assets as of December 31, 2014, have been restated as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, December 31, 2014, as previously stated	\$ 20,210,938	\$ 63,210	\$ 20,274,148
To properly account for replacement reserve deposit to Bishop Allen in 2014	<u>(160,000)</u>	<u>-</u>	<u>(160,000)</u>
Net assets, December 31, 2014, as restated	<u>\$ 20,050,938</u>	<u>\$ 63,210</u>	<u>\$ 20,114,148</u>

In addition to the prior period adjustment included in the table above, management also reclassified a portion of the Trembridge property related to the JAS Youthbuild unit from directly owned rental property to Operating net assets. The resulting net asset transfer increased JAS Operating net assets by \$387,618 as of December 31, 2014.

**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**17. LONG-TERM DEBT**

**Directly Owned Rental Properties** consists of 88 units of residential affordable housing directly owned by JAS.

**Directly Owned Rental Properties**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal
<b>Webster/Bristol Street</b>				
ESCB	6.50%	First mortgage on the building and an assignment of rents and leases.	Due in monthly principal and interest installments of \$1,373, through maturity in August 2027.	\$ 134,473
ESCB	6.50%	First mortgage on the building and an assignment of rents and leases.	Due in monthly principal and interest installments of \$1,326, through maturity in October 2026.	<u>123,537</u>
				<u>258,010</u>
<b>Norfolk Street</b>				
CSB	7.50%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$3,811, through maturity in May 2019. A balloon payment of \$355,486 is due at maturity.	<u>407,219</u>
<b>Berkshire Street</b>				
Cambridge Trust Company	7.50%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$869, through maturity in August 2028.	<u>80,291</u>
<b>Otis Street</b>				
ESCB	6.50%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$3,276, through maturity in March 2029.	<u>348,576</u>
<b>Cardinal Mederios</b>				
CSB	8.75%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$881, through maturity in October 2017.	<u>81,791</u>
<b>Elm Street</b>				
Cambridge Trust Company	7.50%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$2,164, through maturity in December 2022.	<u>130,376</u>
<b>Hovey Street</b>				
MHP	6.74%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$6,222, through maturity in February 2020.	<u>204,527</u>



**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**17. LONG-TERM DEBT** (Continued)

**Directly Owned Rental Properties** (Continued)

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal
<b>Trembridge</b>				
ESCB	7.50%	Shared first mortgage interest in condominium unit number two.	Due in monthly principal and interest installments of \$1,620, through maturity in July 2032.	184,167
LISC	3.50%	Shared first mortgage interest in condominium unit number two.	Due in monthly principal and interest installments of \$2,023, through maturity in August 2023.	163,051
Massachusetts Institute of Technology	3.00%	Shared first mortgage interest in condominium unit number two.	Due in monthly principal and interest installments of \$1,775, through maturity in June 2022.	142,872
				<u>490,090</u>
<b>Scouting Way</b>				
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. A balloon payment of approximately \$690,000 is due at maturity.	810,144
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.	214,230
				<u>1,024,374</u>
Total long-term debt - Directly Owned Rental Properties				<u>\$ 3,025,254</u>

**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**17. LONG-TERM DEBT (Continued)**

**Controlled Affiliates**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal
<b>St. Patricks Place Limited Partnership</b>				
ECSB	6.50%	First mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$10,438. The note is due on October 28, 2024.	\$ 840,088
<b>Putnam Place Limited Partnership</b>				
ECSB	8.50%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$4,370, through maturity in May 2019. The note is subject to a prepayment penalty of 1% of the prepayment amount, as defined in the agreement.	307,775
CAHT	1%, simple	Second mortgage on the property and an assignment of rents and leases.	Payments of principal and interest of \$5,177 are due annually, with the remaining principal balance and accrued interest due at maturity in June 2023.	100,801
JAS	5.53%	Third mortgage on the property and an assignment of rents and leases.	Monthly payment of principal and interest are due from and to the extent of available cash as defined. This loan matured in March 2009; however, JAS has agreed not to pursue collection of this note until January 1, 2017.	98,339
				<u>506,915</u>
<b>Churchill Court Limited Partnership</b>				
CSB	7.50%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$3,846, through maturity in April 2017. A balloon payment of approximately \$400,000 is due at maturity.	417,069
<b>Squirrel Brand Limited Partnership</b>				
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 in May 2018. A balloon payment of \$855,956 is due at maturity.	891,978
<b>Elm Place/JAS Limited Partnership</b>				
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.	928,781
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
				<u>1,453,781</u>

**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**17. LONG-TERM DEBT (Continued)**

**Controlled Affiliates (Continued)**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal
<b>Bishop Allen Apartments LLC</b>				
Boston Private Bank and Trust Company	3.76%	Shared first mortgage on the property and an assignment of rents and leases.	Interest-only payments are due monthly through the Repayment Date, as defined in the agreement. Commencing on the Repayment Date, principal and interest installments of \$21,791 are due monthly through maturity on June 30, 2034. A balloon payment of approximately \$2,452,500 is due at maturity.	4,675,000
Boston Private Bank and Trust Company	80% of FHLB one-month rate + 1.5% (1.96% at December 31, 2015)	Shared first mortgage on the property and an assignment of rents and leases.	Interest-only payments are due through the extended maturity in June 2016, at which time the entire unpaid principal and all accrued interest are due and payable.	1,742,000
				<u>6,417,000</u>
<b>Close Building Associates</b>				
MassHousing	7.50%	First mortgage on the property.	Due in monthly principal and interest installments of \$10,057, through maturity in April 2016.	28,187
<b>Wellington-Harrington Development Corporation</b>				
MassHousing	6.96%, plus 0.50% override	Shared first mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$4,474, which is net of monthly interest subsidy of \$4,891. The note matures on March 1, 2018.	212,070
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 in February 2016.	81,541
MassHousing	7.5%, plus 0.50% override	Shared first mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$2,299, through maturity in February 2018.	50,451
				<u>344,062</u>
<b>Next Step Housing Corporation</b>				
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.	332,473
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.	55,265
				<u>387,738</u>
<b>Rindge Tower Apartments LLC</b>				
MassHousing	4.25%	First mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	Allows for borrowings up to \$21,100,000. Beginning on January 1, 2016, interest-only payments are due monthly through the amortization commencement date, as defined in the agreement. After this time, principal and interest installments of approximately \$91,500 will be due monthly. The note matures on July 1, 2058.	3,349,466
Total long-term debt - controlled affiliates				<u>\$ 14,636,284</u>

**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**18. CONTINGENT DEBT AND DEFERRED INTEREST**

**Directly Owned Rental Properties**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal
<b>Webster/Bristol Street</b>				
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 May 2046, at which time the outstanding principal balance shall be forgiven.	\$ 450,000
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 July 2047, at which time the outstanding principal balance shall be forgiven.	266,200
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in December 2026. The maturity date may be extended for an additional ten years with the approval from DHCD.	210,000
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in July 2037. The maturity date may be extended for an additional ten years with the approval from the Massachusetts Executive Office of Community Development.	90,000
				<u>1,016,200</u>
<b>Norfolk Street</b>				
CAHT	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 June 2049, at which time the outstanding principal balance shall be forgiven.	525,000
The City	0.00%	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 June 2039, at which time the outstanding principal balance shall be due and payable.	240,000
The City	0.00%	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 June 2049, at which time the outstanding principal balance shall be forgiven.	105,000
				<u>870,000</u>
<b>Berkshire Street</b>				
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 2048, at which time the outstanding principal balance and accrued interest shall be forgiven.	345,995
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in July 2037. The maturity date may be extended for an additional ten years with the approval from DHCD.	46,000
				<u>391,995</u>

**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)**

**Directly Owned Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal
<b>Otis Street</b>				
The City	8%, simple	Shared 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 2049, at which time the outstanding principal balance and accrued interest shall be forgiven.	420,000
CAHT	8%, simple	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 2049, at which time the outstanding principal balance and accrued interest shall be forgiven.	280,000
The City	0.00%	Shared third mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in February 2039. The maturity date may be extended for an additional ten years with the approval from DHCD.	180,000
				<u>880,000</u>
<b>Cardinal Mederios</b>				
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 October 2047, at which time the outstanding principal balance and accrued interest shall be forgiven.	374,500
The City	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in October 2027. The maturity date may be extended for an additional ten years with the approval from DHCD.	94,000
				<u>468,500</u>
				<u>136,638</u>
				<u>605,138</u>
<b>Elm Street</b>				
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 June 2048, at which time the outstanding principal balance and accrued interest shall be forgiven.	158,556
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in June 2038. The maturity date may be extended for an additional ten years with the approval from DHCD.	150,000
				<u>308,556</u>

**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)**

**Directly Owned Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal
<b>Hovey Street</b>				
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
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
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 2020.	250,000
				<u>1,629,200</u>
<b>Trembridge</b>				
DHCD	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in June 2032. The maturity date may be extended for an additional thirty years with the approval from DHCD.	320,000
CAHT	8%, simple	Second mortgage on condominium unit number two and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in June 2052, at which time the outstanding principal balance and accrued interest shall be forgiven.	319,000
				<u>639,000</u>
<b>Scouting Way</b>				
The City	8%, simple	Shared 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 March 2054, at which time the outstanding principal balance and accrued interest shall be forgiven.	650,000
MHP	0.00%	Shared third 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.	550,000
CAHT	8%, simple	Shared 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 May 2055, at which time the outstanding principal balance and accrued interest shall be forgiven.	540,000
DHCD	0.00%	Shared third mortgage on the property and an assignment of rents and leases.	All outstanding principal is due at maturity in March 2034.	400,000
				<u>2,140,000</u>
Total contingent debt and deferred interest - Directly Owned Rental Properties				<u>\$ 8,480,089</u>

**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)**

**Controlled Affiliates**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest
<b>St. Patricks Place Limited Partnership</b>					
CAHT	3.00%	Third mortgage on the property and an assignment of rents and leases.	No payments are due until maturity provided the property is maintained as affordable housing. The note matures on September 30, 2054, at which time the entire principal and all accrued interest are due and payable.	\$ 125,000	\$ 129,809
The City	3%, simple	Second mortgage on the property and an assignment of rents and leases.	No payments are due until maturity provided the property is maintained as affordable housing. The note matures on September 30, 2054, at which time the entire principal and all accrued interest are due and payable.	125,000	90,872
				<u>250,000</u>	<u>220,681</u>
<b>Putnam Place Limited Partnership</b>					
Putnam/JAS, Inc.	8%, simple	Note payable to the General Partner for development cost overruns.	Monthly payments of principal and interest are due from and to the extent of available cash as defined. Outstanding principal and accrued interest are due from net proceeds of sale of all or substantially all of the assets of the partnership.	23,973	41,842
<b>Churchill Court Limited Partnership</b>					
DHCD	6.00%	Second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due in April 2029. The maturity date may be extended for an additional thirty years with the approval from DHCD.	330,000	544,421
<b>Squirrel Brand Limited Partnership</b>					
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.	660,000	1,574,622
DHCD	6.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due in May 2031. The maturity date may be extended for an additional thirty years with the approval from CEDAC.	440,000	590,938
				<u>1,100,000</u>	<u>2,165,560</u>
<b>Elm Place/JAS Limited Partnership</b>					
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	336,767
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	-
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	102,720
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	-
				<u>3,051,291</u>	<u>439,487</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Controlled Affiliates (Continued)

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest
<b>Bishop Allen Apartments LLC</b>					
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	170,752
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	1,211
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 MHP.	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	-
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	20,878
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.	276,893	13,239
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	2,514
				<u>8,279,394</u>	<u>208,594</u>



**JUST-A-START CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2015

**18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)**

**Controlled Affiliates (Continued)**

Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest
<b>Wellington-Harrington Development Corporation</b>					
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.	329,000	182,109
MassHousing	0.00%	Unsecured.	All outstanding principal shall be payable in full upon the first of the following to occur: (i) any prepayment in full of all amounts due under the MassHousing note and mortgage; (ii) upon any sale or refinancing of the property; (iii) upon maturity of the MassHousing note.	326,007	-
JAS	7.00%	Unsecured.	All outstanding principal and accrued interest are due at maturity in January 2017.	25,000	26,441
				<u>680,007</u>	<u>208,550</u>
<b>Next Step Housing Corporation</b>					
CEDAC	0.00%	Third mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	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.	562,873	-
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 leases.	No payments are due provided six rental units are maintained as affordable housing. This note matures in November 2018, at which time the outstanding principal balance shall be forgiven.	224,999	-
				<u>787,872</u>	<u>-</u>
<b>Rindge Tower Apartments LLC</b>					
JAS	3.75%	Fourth mortgage on the property and an assignment of rents and leases.	Due in annual installments of principal and interest subject to available cash flow, as defined in the agreement. Outstanding principal and accrued interest are due at maturity on July 1, 2058.	21,781,600	22,689
Total contingent debt and accrued interest - controlled affiliates				<u>\$ 36,284,137</u>	<u>\$ 3,851,824</u>

Supplementary Consolidating Statement of Financial Position - Controlled Affiliates (Rental Properties)  
December 31, 2015

<b>Assets</b>	<b>St. Patricks Place LP</b>	<b>Putnam Place LP</b>	<b>Churchill Court LP</b>	<b>Squirrel Brand LP</b>	<b>Elm Place LP</b>	<b>Bishop Allen Apartments LLC</b>	<b>Close Building Associates</b>	<b>Wellington- Harrington Development Corporation</b>	<b>Next Step Housing Corporation</b>	<b>Rindge Tower Apartments</b>	<b>Total</b>
<b>Current Assets:</b>											
Cash and cash equivalents - operating	\$ 150,859	\$ 31,464	\$ 41,308	\$ 49,297	\$ 133,330	\$ 317,463	\$ 57,127	\$ 178,779	\$ 20,636	\$ 238,570	\$ 1,218,833
Rent receivable	4,998	1,488	2,846	1,188	2,426	26,957	7,416	5,526	905	-	53,750
Escrows	-	4,370	-	-	-	-	68,392	39,509	-	-	112,271
Current portion of due from affiliates	-	-	-	-	-	160,774	-	-	-	8,542	169,316
Prepaid expenses and other	4,967	1,785	2,787	2,729	2,638	9,861	9,536	7,359	-	-	41,662
<b>Total current assets</b>	<b>160,824</b>	<b>39,107</b>	<b>46,941</b>	<b>53,214</b>	<b>138,394</b>	<b>515,055</b>	<b>142,471</b>	<b>231,173</b>	<b>21,541</b>	<b>247,112</b>	<b>1,595,832</b>
<b>Other Assets:</b>											
Restricted deposits	211,289	137,853	175,178	98,680	196,279	160,197	356,315	222,635	60,344	634,625	2,253,395
Projects under development	-	-	-	-	-	-	-	-	-	4,400,581	4,400,581
Capitalized costs, net	7,674	-	-	10,434	69,307	156,446	905	9,530	4,757	-	259,053
<b>Total other assets</b>	<b>218,963</b>	<b>137,853</b>	<b>175,178</b>	<b>109,114</b>	<b>265,586</b>	<b>316,643</b>	<b>357,220</b>	<b>232,165</b>	<b>65,101</b>	<b>5,035,206</b>	<b>6,913,029</b>
Property and Equipment, net	937,235	783,896	1,187,182	2,596,487	6,143,674	15,569,778	685,949	638,436	1,120,302	22,300,000	51,962,939
<b>Total assets</b>	<b>\$ 1,317,022</b>	<b>\$ 960,856</b>	<b>\$ 1,409,301</b>	<b>\$ 2,758,815</b>	<b>\$ 6,547,654</b>	<b>\$ 16,401,476</b>	<b>\$ 1,185,640</b>	<b>\$ 1,101,774</b>	<b>\$ 1,206,944</b>	<b>\$ 27,582,318</b>	<b>\$ 60,471,800</b>
<b>Liabilities and Net Assets</b>											
<b>Current Liabilities:</b>											
Current portion of long-term debt	\$ 72,794	\$ 30,834	\$ 15,394	\$ 14,546	\$ 14,554	\$ 1,819,705	\$ 28,187	\$ 194,477	\$ 15,520	\$ -	\$ 2,206,011
Current portion of accounts payable and accrued expenses	51,941	26,351	22,404	72,920	82,982	153,131	126,540	147,979	7,423	216,740	908,411
Current portion of due to affiliates	16,113	20,261	25,528	10,444	-	271,000	-	-	-	470,376	813,722
<b>Total current liabilities</b>	<b>140,848</b>	<b>77,446</b>	<b>63,326</b>	<b>97,910</b>	<b>97,536</b>	<b>2,243,836</b>	<b>154,727</b>	<b>342,456</b>	<b>22,943</b>	<b>687,116</b>	<b>3,928,144</b>
<b>Long-term Liabilities:</b>											
Long-term debt, net of current portion	767,294	476,081	401,675	877,432	1,439,227	4,597,295	-	149,585	372,218	3,349,466	12,430,273
Due to affiliates, net of current portion	-	120,158	69,144	568,875	-	509,762	-	-	-	-	1,267,939
<b>Total long-term liabilities</b>	<b>767,294</b>	<b>596,239</b>	<b>470,819</b>	<b>1,446,307</b>	<b>1,439,227</b>	<b>5,107,057</b>	<b>-</b>	<b>149,585</b>	<b>372,218</b>	<b>3,349,466</b>	<b>13,698,212</b>
Contingent Debt and Deferred Interest	470,681	65,815	874,421	3,265,560	3,490,778	8,487,988	-	888,557	787,872	21,804,289	40,135,961
<b>Total liabilities</b>	<b>1,378,823</b>	<b>739,500</b>	<b>1,408,566</b>	<b>4,809,777</b>	<b>5,027,541</b>	<b>15,838,881</b>	<b>154,727</b>	<b>1,380,598</b>	<b>1,183,033</b>	<b>25,840,871</b>	<b>57,762,317</b>
<b>Net Assets:</b>											
<b>Unrestricted:</b>											
Operating	238,340	(35,661)	39,843	2,743	197,587	90,924	15,931	83,194	14,118	509,857	1,156,876
Property and equipment	(300,141)	257,017	(39,108)	(2,053,705)	1,322,526	471,671	1,014,982	(362,018)	9,793	1,231,590	1,552,607
<b>Total unrestricted net assets</b>	<b>(61,801)</b>	<b>221,356</b>	<b>735</b>	<b>(2,050,962)</b>	<b>1,520,113</b>	<b>562,595</b>	<b>1,030,913</b>	<b>(278,824)</b>	<b>23,911</b>	<b>1,741,447</b>	<b>2,709,483</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,317,022</b>	<b>\$ 960,856</b>	<b>\$ 1,409,301</b>	<b>\$ 2,758,815</b>	<b>\$ 6,547,654</b>	<b>\$ 16,401,476</b>	<b>\$ 1,185,640</b>	<b>\$ 1,101,774</b>	<b>\$ 1,206,944</b>	<b>\$ 27,582,318</b>	<b>\$ 60,471,800</b>

Supplementary Consolidating Statement of Activities - Controlled Affiliates (Rental Properties)  
For the Year Ended December 31, 2015

	St. Patricks Place LP	Putnam Place LP	Churchill Court LP	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates	Wellington- Harrington Development Corporation	Next Step Housing Corporation	402 Rindge Corporation/ Rindge Tower Apartments	Total
<b>Operating Revenues:</b>											
Rental income	\$ 616,393	\$ 231,323	\$ 219,635	\$ 349,404	\$ 319,357	\$ 619,454	\$ 962,950	\$ 696,737	\$ 109,010	\$ 3,771,986	\$ 7,896,249
Interest income and other	682	337	621	18,964	13,214	352	3,253	71,214	12	110,077	218,726
Total operating revenues	617,075	231,660	220,256	368,368	332,571	619,806	966,203	767,951	109,022	3,882,063	8,114,975
<b>Operating Expenses:</b>											
Personnel and related:											
Contract labor	74,923	28,846	30,623	47,597	47,194	78,579	143,040	104,306	12,139	570,289	1,137,536
Occupancy:											
Utilities	50,204	15,242	15,282	34,571	19,694	67,380	145,733	111,409	10,838	561,730	1,032,083
Contracted services	84,973	47,600	29,784	54,075	50,939	66,503	185,863	86,222	9,584	444,668	1,060,211
Interest	56,662	41,458	32,193	66,095	55,189	193,244	17,058	36,414	20,845	3,996	523,154
Repairs and maintenance	15,449	6,863	5,325	17,150	11,565	16,691	175,133	17,404	10,856	325,990	602,426
Real estate taxes	22,541	11,288	12,187	17,030	21,979	30,340	58,294	30,964	5,563	135,320	345,506
Insurance	14,173	5,131	7,823	7,929	7,268	21,664	27,424	21,549	6,349	108,521	227,831
Rents	-	-	-	-	-	-	-	-	-	1,382	1,382
Total occupancy	244,002	127,582	102,594	196,850	166,634	395,822	609,505	303,962	64,035	1,581,607	3,792,593
Other expenses:											
Professional fees	12,922	10,406	10,844	11,603	11,715	13,338	33,112	32,778	6,307	27,829	170,854
Management fees	52,695	14,000	30,749	37,317	19,161	38,768	38,635	37,113	6,643	229,839	504,920
Office and other	5,247	2,548	2,543	4,435	4,216	12,453	16,783	8,174	533	51,359	108,291
Telephone and communications	2,653	526	3,419	1,929	4,099	1,406	2,676	1,971	-	15,689	34,368
Miscellaneous	3,418	2,637	2,819	2,920	2,742	1,781	11,527	41,154	3,574	19,155	91,727
Bad debts	-	4,634	-	4,018	-	1,170	-	-	-	2,442	12,264
Total other expenses	76,935	34,751	50,374	62,222	41,933	68,916	102,733	121,190	17,057	346,313	922,424
Total operating expenses before depreciation and amortization	395,860	191,179	183,591	306,669	255,761	543,317	855,278	529,458	93,231	2,498,209	5,852,553
Depreciation and amortization	166,863	43,816	56,654	210,612	185,705	288,664	78,949	96,538	37,347	464,786	1,629,934
Total operating expenses	562,723	234,995	240,245	517,281	441,466	831,981	934,227	625,996	130,578	2,962,995	7,482,487
Changes in unrestricted net assets from operations	54,352	(3,335)	(19,989)	(148,913)	(108,895)	(212,175)	31,976	141,955	(21,556)	919,068	632,488
<b>Deferred Interest</b>	11,172	1,918	49,495	238,622	43,737	140,569	-	45,209	-	-	530,722
Changes in unrestricted net assets	\$ 43,180	\$ (5,253)	\$ (69,484)	\$ (387,535)	\$ (152,632)	\$ (352,744)	\$ 31,976	\$ 96,746	\$ (21,556)	\$ 919,068	\$ 101,766

Supplementary Consolidating Statement of Changes in Net Assets - Controlled Affiliates (Rental Properties)  
For the Year Ended December 31, 2015

	<u>St. Patricks Place LP</u>	<u>Putnam Place LP</u>	<u>Churchill Court LP</u>	<u>Squirrel Brand LP</u>	<u>Elm Place LP</u>	<u>Bishop Allen Apartments LLC</u>	<u>Close Building Associates</u>	<u>Wellington- Harrington Development Corporation</u>	<u>Next Step Housing Corporation</u>	<u>402 Rindge Corporation/ Rindge Tower Apartments</u>	<u>Total</u>
<b>Net Assets, December 31, 2014</b>	\$ (97,327)	\$ 226,609	\$ 70,219	\$ (1,663,427)	\$ 1,687,526	\$ (186,889)	\$ 998,937	\$ (375,570)	\$ 45,467	\$ 15,431,177	\$ 16,136,722
Changes in net assets	43,180	(5,253)	(69,484)	(387,535)	(152,632)	(352,744)	31,976	96,746	(21,556)	919,068	101,766
Capital contributions	-	-	-	-	-	1,102,228	-	-	-	1,650,000	2,752,228
Transfers	-	-	-	-	-	-	-	-	-	(16,258,798)	(16,258,798)
Distributions	(7,654)	-	-	-	(14,781)	-	-	-	-	-	(22,435)
<b>Net Assets, December 31, 2015</b>	<u>\$ (61,801)</u>	<u>\$ 221,356</u>	<u>\$ 735</u>	<u>\$ (2,050,962)</u>	<u>\$ 1,520,113</u>	<u>\$ 562,595</u>	<u>\$ 1,030,913</u>	<u>\$ (278,824)</u>	<u>\$ 23,911</u>	<u>\$ 1,741,447</u>	<u>\$ 2,709,483</u>