

AND AFFILIATES

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

JUST-A-START CORPORATION AND AFFILIATES

Contents
December 31, 2016 and 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 statements of financial position as of December 31, 2016 and 2015, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Consolidating Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audits. We did not audit the financial statements of the Controlled Affiliates of the Agency, with the exception of Next Step Housing Corporation, which we audited as of and for the years ended December 31, 2016 and 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

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

Opinion

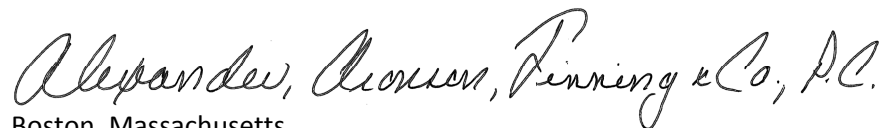
In our opinion, based on our audits and reports of the other auditors, the consolidating financial statements referred to on page one present fairly, in all material respects, the consolidating financial position of Just-A-Start Corporation and Affiliates as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years the ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During 2016, the Agency adopted Accounting Standards Update No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which modifies the classification of debt issuance costs on the consolidating statements of financial position. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplementary information shown on pages 48 through 52 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 years ended December 31, 2016 and 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, as of and for the years ended December 31, 2016 and 2015, 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
July 17, 2017

JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statements of Financial Position
December 31, 2016 and 2015

Assets	2016					2015				
	Just-A-Start	Rental Properties		Eliminations	Total	Just-A-Start	Rental Properties		Eliminations	Total
	Operating	Directly Owned	Controlled Affiliates (Exhibit A)			Operating	Directly Owned	Controlled Affiliates (Exhibit A)		
Current Assets:										
Cash and cash equivalents	\$ 3,188,781	\$ 486,276	\$ 1,430,123	\$ -	\$ 5,105,180	\$ 3,726,904	\$ 374,854	\$ 1,218,833	\$ -	\$ 5,320,591
Rent receivable	-	9,542	79,008	-	88,550	-	21,420	53,750	-	75,170
Escrows	-	25,467	174,089	-	199,556	-	15,844	112,271	-	128,115
Accounts and grants receivable	732,664	-	-	-	732,664	1,129,837	-	-	-	1,129,837
Current portion of notes receivable	135,723	-	-	-	135,723	253,892	-	-	-	253,892
Current portion of due from affiliates	1,281,282	-	-	(1,281,282)	-	824,722	-	169,316	(994,038)	-
Current portion of notes receivable - affiliates	37,898	-	-	(37,898)	-	-	-	-	-	-
Property held for sale	1,550,857	-	-	-	1,550,857	-	-	-	-	-
Prepaid expenses and other	129,372	16,775	83,592	-	229,739	85,248	16,552	46,419	-	148,219
Current portion of projects under development	1,611,360	-	-	-	1,611,360	1,598,605	-	-	-	1,598,605
Total current assets	8,667,937	538,060	1,766,812	(1,319,180)	9,653,629	7,619,208	428,670	1,600,589	(994,038)	8,654,429
Other Assets:										
Restricted deposits	1,446,734	456,910	2,786,562	-	4,690,206	1,025,971	444,258	2,253,395	-	3,723,624
Accounts receivable - insurance proceeds	-	-	3,926,000	-	3,926,000	-	-	-	-	-
Due from affiliates, net of current portion	1,226,701	-	500,000	(1,726,701)	-	1,236,100	-	-	(1,236,100)	-
Investment in affiliates	83,920	-	-	(83,920)	-	83,920	-	-	(83,920)	-
Notes receivable, net of current portion	3,812,215	-	-	-	3,812,215	3,597,860	-	-	-	3,597,860
Notes receivable - affiliates, net current portion and valuation allowance	460,000	-	-	(460,000)	-	460,000	-	-	(460,000)	-
Projects under development, net of current portion	706,878	-	18,549,479	-	19,256,357	500,322	-	4,377,892	-	4,878,214
Capitalized costs, net	-	-	63,316	-	63,316	-	-	47,319	-	47,319
Total other assets	7,736,448	456,910	25,825,357	(2,270,621)	31,748,094	6,904,173	444,258	6,678,606	(1,780,020)	12,247,017
Property and Equipment, net	1,008,641	7,409,474	42,600,938	-	51,019,053	2,702,048	7,918,260	43,016,570	-	53,636,878
Total assets	\$ 17,413,026	\$ 8,404,444	\$ 70,193,107	\$ (3,589,801)	\$ 92,420,776	\$ 17,225,429	\$ 8,791,188	\$ 51,295,765	\$ (2,774,058)	\$ 74,538,324
Liabilities and Net Assets										
Current Liabilities:										
Current portion of long-term debt	\$ 1,775,481	\$ 263,343	\$ 392,197	\$ (37,898)	\$ 2,393,123	\$ 1,557,960	\$ 248,984	\$ 2,205,106	\$ -	\$ 4,012,050
Current portion of accounts payable, accrued expenses and other	374,253	152,298	1,561,326	-	2,087,877	679,022	114,262	908,411	-	1,701,695
Current portion of due to affiliates	-	11,000	1,270,282	(1,281,282)	-	169,316	11,000	813,722	(994,038)	-
Total current liabilities	2,149,734	426,641	3,223,805	(1,319,180)	4,481,000	2,406,298	374,246	3,927,239	(994,038)	5,713,745
Long-term Liabilities:										
Accounts payable, accrued expenses and other, net of current portion	-	-	2,414,985	-	2,414,985	-	-	-	-	-
Long-term debt, net	1,579,162	2,514,508	24,089,521	(60,441)	28,122,750	1,920,652	2,776,270	12,224,201	(98,339)	16,822,784
Contractual advances	3,481,131	-	-	-	3,481,131	3,451,925	-	-	-	3,451,925
Due to affiliates, net of current portion	500,000	-	1,033,915	(1,533,915)	-	-	-	1,267,939	(1,267,939)	-
Contingent debt and deferred interest	1,090,000	8,487,609	18,838,682	(3,739,758)	24,676,533	1,090,000	8,480,089	18,331,672	(3,578,603)	24,323,158
Total long-term liabilities	6,650,293	11,002,117	46,377,103	(5,334,114)	58,695,399	6,462,577	11,256,359	31,823,812	(4,944,881)	44,597,867
Total liabilities	8,800,027	11,428,758	49,600,908	(6,653,294)	63,176,399	8,868,875	11,630,605	35,751,051	(5,938,919)	50,311,612
Net Assets and Non-Controlling Interests:										
Unrestricted:										
Operating	4,411,096	427,188	1,566,281	-	6,404,565	5,019,764	303,408	1,161,633	-	6,484,805
Real estate development	1,653,939	-	-	-	1,653,939	1,320,021	-	-	-	1,320,021
Property and equipment	1,513,959	(3,451,502)	19,025,918	(3,463,505)	13,624,870	1,104,498	(3,142,825)	14,383,081	(332,221)	12,012,533
Total unrestricted	7,578,994	(3,024,314)	20,592,199	(3,463,505)	21,683,374	7,444,283	(2,839,417)	15,544,714	(332,221)	19,817,359
Temporarily restricted	1,034,005	-	-	-	1,034,005	912,271	-	-	-	912,271
Total Just-A-Start and Affiliates' net assets	8,612,999	(3,024,314)	20,592,199	(3,463,505)	22,717,379	8,356,554	(2,839,417)	15,544,714	(332,221)	20,729,630
Non-controlling interests										
Total net assets and non-controlling interests	8,612,999	(3,024,314)	20,592,199	3,063,493	29,244,377	8,356,554	(2,839,417)	15,544,714	3,164,861	24,226,712
Total liabilities, net assets and non-controlling interests	\$ 17,413,026	\$ 8,404,444	\$ 70,193,107	\$ (3,589,801)	\$ 92,420,776	\$ 17,225,429	\$ 8,791,188	\$ 51,295,765	\$ (2,774,058)	\$ 74,538,324

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

JUST-A-START CORPORATION AND AFFILIATES

 Consolidating Statements of Activities
 For the Years Ended December 31, 2016 and 2015

	2016					2015				
	Just-A-Start	Rental Properties			Total	Just-A-Start	Rental Properties			Total
		Operating	Directly Owned	Controlled Affiliates (Exhibit B)			Eliminations	Operating	Directly Owned	
Unrestricted Net Assets:										
Operating revenues:										
Rental income	\$ -	\$ 1,553,349	\$ 7,997,429	\$ -	\$ 9,550,778	\$ -	\$ 1,554,028	\$ 7,896,249	\$ -	\$ 9,450,277
Contracts	2,251,646	-	-	-	2,251,646	2,409,918	-	-	-	2,409,918
Developer and other service fees	1,706,495	-	-	(701,742)	1,004,753	1,648,435	-	-	14,091	1,662,526
Grants and contributions	650,916	-	-	-	650,916	469,442	-	-	-	469,442
Interest income and other	324,792	5,677	225,388	(198,688)	357,169	47,133	10,917	218,726	(23,906)	252,870
Net assets released from purpose restriction	59,893	-	-	-	59,893	63,210	-	-	-	63,210
Total operating revenues	<u>4,993,742</u>	<u>1,559,026</u>	<u>8,222,817</u>	<u>(900,430)</u>	<u>13,875,155</u>	<u>4,638,138</u>	<u>1,564,945</u>	<u>8,114,975</u>	<u>(9,815)</u>	<u>14,308,243</u>
Operating expenses:										
Education and training	1,815,798	-	-	-	1,815,798	1,703,579	-	-	-	1,703,579
Housing resources	860,915	-	-	-	860,915	1,032,561	-	-	-	1,032,561
Real estate development	651,238	-	-	-	651,238	630,254	-	-	-	630,254
Rental housing	-	1,227,617	6,020,623	(552,996)	6,695,244	-	1,199,328	5,852,553	(521,577)	6,530,304
General and administrative	1,193,399	-	-	-	1,193,399	1,070,806	-	-	-	1,070,806
Fundraising	226,915	-	-	-	226,915	208,942	-	-	-	208,942
Total operating expenses before interest - amortization and depreciation and amortization	<u>4,748,265</u>	<u>1,227,617</u>	<u>6,020,623</u>	<u>(552,996)</u>	<u>11,443,509</u>	<u>4,646,142</u>	<u>1,199,328</u>	<u>5,852,553</u>	<u>(521,577)</u>	<u>11,176,446</u>
Interest - amortization	-	-	130,848	-	130,848	-	-	33,353	-	33,353
Depreciation and amortization	135,806	508,786	1,680,689	-	2,325,281	99,554	512,954	1,596,581	-	2,209,089
Total operating expenses	<u>4,884,071</u>	<u>1,736,403</u>	<u>7,832,160</u>	<u>(552,996)</u>	<u>13,899,638</u>	<u>4,745,696</u>	<u>1,712,282</u>	<u>7,482,487</u>	<u>(521,577)</u>	<u>13,418,888</u>
Changes in unrestricted net assets from operations	<u>109,671</u>	<u>(177,377)</u>	<u>390,657</u>	<u>(347,434)</u>	<u>(24,483)</u>	<u>(107,558)</u>	<u>(147,337)</u>	<u>632,488</u>	<u>511,762</u>	<u>889,355</u>
Other income (expense):										
Gain on involuntary conversion	-	-	3,726,528	-	3,726,528	-	-	-	-	-
Gain on sale of historic tax credits	-	-	-	-	-	1,083,000	-	-	-	1,083,000
Capital grants	-	-	-	-	-	201,071	72,340	-	-	273,411
Recovery of notes receivable	62,898	-	-	(62,898)	-	-	-	-	-	-
Reserve of investments made with capital grants and historic tax credits	-	-	-	-	-	(1,188,000)	-	-	1,188,000	-
Deferred interest	-	(7,520)	(605,104)	251,506	(361,118)	-	(7,520)	(530,722)	178,542	(359,700)
Total other income (expense)	<u>62,898</u>	<u>(7,520)</u>	<u>3,121,424</u>	<u>188,608</u>	<u>3,365,410</u>	<u>96,071</u>	<u>64,820</u>	<u>(530,722)</u>	<u>1,366,542</u>	<u>996,711</u>
Changes in unrestricted net assets from continuing operations	<u>172,569</u>	<u>(184,897)</u>	<u>3,512,081</u>	<u>(158,826)</u>	<u>3,340,927</u>	<u>(11,487)</u>	<u>(82,517)</u>	<u>101,766</u>	<u>1,878,304</u>	<u>1,886,066</u>
Gain (Loss) on Discontinued Operations	<u>(37,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,858)</u>	<u>147,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,770</u>
Changes in unrestricted net assets	<u>134,711</u>	<u>(184,897)</u>	<u>3,512,081</u>	<u>(158,826)</u>	<u>3,303,069</u>	<u>136,283</u>	<u>(82,517)</u>	<u>101,766</u>	<u>1,878,304</u>	<u>2,033,836</u>
Temporarily Restricted Net Assets:										
Grants and contributions	181,627	-	-	-	181,627	87,843	-	-	-	87,843
Net assets released from purpose restrictions	(59,893)	-	-	-	(59,893)	(63,210)	-	-	-	(63,210)
Changes in temporarily restricted net assets	<u>121,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,734</u>	<u>24,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,633</u>
Changes in net assets	<u>256,445</u>	<u>(184,897)</u>	<u>3,512,081</u>	<u>(158,826)</u>	<u>3,424,803</u>	<u>160,916</u>	<u>(82,517)</u>	<u>101,766</u>	<u>1,878,304</u>	<u>2,058,469</u>
Changes in Net Assets Attributable to Non-Controlling Interests	<u>-</u>	<u>-</u>	<u>219,347</u>	<u>-</u>	<u>219,347</u>	<u>-</u>	<u>-</u>	<u>841,581</u>	<u>-</u>	<u>841,581</u>
Changes in net assets attributable to Just-A-Start Corporation	<u>\$ 256,445</u>	<u>\$ (184,897)</u>	<u>\$ 3,731,428</u>	<u>\$ (158,826)</u>	<u>\$ 3,644,150</u>	<u>\$ 160,916</u>	<u>\$ (82,517)</u>	<u>\$ 943,347</u>	<u>\$ 1,878,304</u>	<u>\$ 2,900,050</u>

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

JUST-A-START CORPORATION AND AFFILIATES

 Consolidating Statements of Changes in Net Assets
 For the Years Ended December 31, 2016 and 2015

	Just-A-Start and Consolidated Entities' Net Assets						
	Rental Properties				Total	Non-Controlling Interest	Total
	Operating	Directly Owned	Controlled Affiliates (Exhibit C)	Eliminations			
Net Assets, December 31, 2014	\$ 5,455,424	\$ (2,756,900)	\$ 16,136,722	\$ (323,257)	\$ 18,511,989	\$ 1,602,159	\$ 20,114,148
Capital contributions	-	-	15,587,459	(15,587,359)	100	2,752,128	2,752,228
Changes in net assets	160,916	(82,517)	101,766	2,719,885	2,900,050	(841,581)	2,058,469
Resyndication of Rindge project	2,740,214	-	(16,258,798)	12,835,231	(683,353)	-	(683,353)
Transfer for change in ownership	-	-	-	844	844	(844)	-
Distributions	-	-	(22,435)	22,435	-	(14,780)	(14,780)
Net Assets, December 31, 2015	8,356,554	(2,839,417)	15,544,714	(332,221)	20,729,630	3,497,082	24,226,712
Capital contributions	-	-	2,075,335	(2,075,335)	-	2,075,335	2,075,335
Changes in net assets	256,445	(184,897)	3,512,081	60,521	3,644,150	(219,347)	3,424,803
Syndication costs	-	-	(52,701)	52,701	-	(52,701)	(52,701)
Transfer for change in ownership	-	-	-	(1,617,721)	(1,617,721)	1,617,721	-
Distributions	-	-	(487,230)	448,550	(38,680)	(391,092)	(429,772)
Net Assets, December 31, 2016	<u>\$ 8,612,999</u>	<u>\$ (3,024,314)</u>	<u>\$ 20,592,199</u>	<u>\$ (3,463,505)</u>	<u>\$ 22,717,379</u>	<u>\$ 6,526,998</u>	<u>\$ 29,244,377</u>

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

JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016					2015				
	Just-A-Start	Rental Properties		Eliminations	Total	Just-A-Start	Rental Properties		Eliminations	Total
	Operating	Directly Owned	Controlled Affiliates			Operating	Directly Owned	Controlled Affiliates		
Cash Flows from Operating Activities:										
Changes in net assets	\$ 256,445	\$ (184,897)	\$ 3,512,081	\$ (158,826)	\$ 3,424,803	\$ 160,916	\$ (82,517)	\$ 101,766	\$ 1,878,304	\$ 2,058,469
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:										
Capital grants	-	-	-	-	-	(201,071)	(72,340)	-	-	(273,411)
Interest - amortization	-	-	130,848	-	130,848	-	-	33,353	-	33,353
Depreciation and amortization	157,398	508,786	1,680,689	-	2,346,873	173,110	512,954	1,596,581	-	2,282,645
Bad debts	7,254	4,784	2,858	-	14,896	8,488	62	12,264	-	20,814
Gain on involuntary conversion	-	-	(3,726,528)	-	(3,726,528)	-	-	-	-	-
Recovery of notes receivable	(62,898)	-	-	62,898	-	-	-	-	-	-
Deferred interest	-	7,520	605,104	(251,506)	361,118	-	7,520	530,722	(178,542)	359,700
Impairment loss	74,663	-	-	-	74,663	-	-	-	-	-
Changes in operating assets and liabilities:										
Rent receivable	-	7,094	(28,116)	-	(21,022)	-	(8,559)	(12,279)	-	(20,838)
Escrows	-	(9,623)	(61,818)	-	(71,441)	-	(1,789)	250,970	-	249,181
Accounts and grants receivable	389,919	-	-	-	389,919	136,863	-	-	-	136,863
Due from affiliates	(447,161)	-	169,316	277,845	-	(399,825)	-	(169,316)	569,141	-
Prepaid expenses and other	(44,124)	(223)	(37,173)	-	(81,520)	(57,140)	(3,048)	10,325	-	(49,863)
Accounts payable, accrued expenses and other	(304,769)	38,036	223,143	-	(43,590)	207,416	9,270	(707,760)	110,699	(380,375)
Due to affiliates	(169,316)	-	222,536	(53,220)	-	169,316	(55,000)	1,066,635	(1,180,951)	-
Net cash provided by (used in) operating activities	(142,589)	371,477	2,692,940	(122,809)	2,799,019	198,073	306,553	2,713,261	1,198,651	4,416,538
Cash Flows from Investing Activities:										
Purchase of property and equipment	(89,511)	-	(1,362,175)	-	(1,451,686)	(213,813)	(88,837)	(5,110,810)	-	(5,413,460)
Cash recovery of notes receivable	25,000	-	-	(25,000)	-	-	-	-	-	-
Expenditures for immediate repairs	-	-	(96,201)	-	(96,201)	-	-	-	-	-
Reimbursement (purchase) of projects under development	(219,311)	-	(11,756,602)	-	(11,975,913)	1,241,427	-	(4,400,581)	22,689	(3,136,465)
Net decrease in notes receivable	(96,186)	-	-	-	(96,186)	103,090	-	-	-	103,090
Decrease in investment in affiliates	-	-	-	-	-	7,655	-	-	(7,655)	-
(Increase) decrease in restricted deposits	(420,763)	(12,652)	(533,167)	-	(966,582)	62,287	(12,048)	433,205	-	483,444
Due to/from affiliates	500,000	-	(500,000)	-	-	-	-	-	-	-
Resyndication costs and refinance proceeds	-	-	-	-	-	2,740,214	-	(2,740,214)	-	-
Net cash provided by (used in) investing activities	(300,771)	(12,652)	(14,248,145)	(25,000)	(14,586,568)	3,940,860	(100,885)	(11,818,400)	15,034	(7,963,391)
Cash Flows from Financing Activities:										
Proceeds from long-term debt and contingent debt	329,985	-	12,777,219	-	13,107,204	-	-	7,070,282	(1,221,340)	5,848,942
Debt issuance costs	-	-	(712,393)	-	(712,393)	-	-	-	-	-
Capital grants	-	-	-	-	-	201,071	72,340	-	-	273,411
Increase in contractual advance	29,206	-	-	-	29,206	9,912	-	-	-	9,912
Principal payments of long-term debt and contingent debt	(453,954)	(247,403)	(2,241,357)	90,351	(2,852,363)	(841,138)	(234,217)	(360,657)	-	(1,436,012)
Capitalized costs	-	-	(22,150)	-	(22,150)	-	-	(23,579)	-	(23,579)
Syndication costs	-	-	(52,701)	-	(52,701)	-	-	-	-	-
Capital contributions	-	-	2,075,335	-	2,075,335	-	-	2,752,228	-	2,752,228
Distributions	-	-	(57,458)	57,458	-	-	-	(22,435)	7,655	(14,780)
Net cash provided by (used in) financing activities	(94,763)	(247,403)	11,766,495	147,809	11,572,138	(630,155)	(161,877)	9,415,839	(1,213,685)	7,410,122
Net Change in Cash and Cash Equivalents	(538,123)	111,422	211,290	-	(215,411)	3,508,778	43,791	310,700	-	3,863,269
Cash and Cash Equivalents:										
Beginning of year	3,726,904	374,854	1,218,833	-	5,320,591	218,126	331,063	908,133	-	1,457,322
End of year	\$ 3,188,781	\$ 486,276	\$ 1,430,123	\$ -	\$ 5,105,180	\$ 3,726,904	\$ 374,854	\$ 1,218,833	\$ -	\$ 5,320,591
Supplemental Disclosure of Cash Flow Information:										
Cash paid for interest	\$ 52,682	\$ 178,258	\$ 784,583	\$ -	\$ 1,015,523	\$ 52,785	\$ 192,603	\$ 523,154	\$ (23,906)	\$ 744,636
Supplemental Disclosure of Non-Cash Investing and Financing Transactions:										
Capital contribution for sale of real estate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,835,231	\$ (12,835,231)	\$ -
Projects under development placed in service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,426,566	\$ -	\$ 1,426,566
Transfer of property and equipment to property held for sale	\$ 1,550,857	\$ -	\$ -	\$ -	\$ 1,550,857	\$ -	\$ -	\$ -	\$ -	\$ -
Distributions included in accounts payable, accrued expenses and other	\$ -	\$ -	\$ 429,772	\$ -	\$ 429,772	\$ -	\$ -	\$ -	\$ -	\$ -

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

JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2016

	Just-A-Start					Rental Properties				
	Program Services			Supporting Services		Total	Directly Owned	Controlled Affiliates (Exhibit B)	Eliminations	Total
	Education and Training	Housing Resources	Real Estate Development	General and Administrative	Fundraising					
Personnel and Related:										
Salaries	\$ 1,159,648	\$ 529,428	\$ 588,140	\$ 468,537	\$ 170,449	\$ 2,916,202	\$ -	\$ -	\$ -	\$ 2,916,202
Contract labor	22,550	-	-	-	-	22,550	243,408	1,272,775	-	1,538,733
Employee benefits	110,998	62,061	94,117	38,428	30,173	335,777	-	-	-	335,777
Payroll taxes	77,062	39,847	44,335	46,473	12,866	220,583	-	-	-	220,583
Total personnel and related	1,370,258	631,336	726,592	553,438	213,488	3,495,112	243,408	1,272,775	-	5,011,295
Occupancy:										
Utilities	16,729	1,467	1,035	5,634	431	25,296	96,435	950,740	-	1,072,471
Interest	11,306	-	-	-	-	11,306	178,258	784,583	-	974,147
Contracted services	-	-	-	-	-	-	266,555	1,066,857	(399,294)	934,118
Repairs and maintenance	5,413	-	451	2,129	-	7,993	95,420	467,005	-	570,418
Real estate taxes	-	-	-	-	-	-	77,153	320,623	-	397,776
Insurance	15,700	-	308	26,343	-	42,351	48,214	238,878	-	329,443
Rents	101,695	22,074	30,386	20,841	1,780	176,776	-	3,003	-	179,779
Total occupancy	150,843	23,541	32,180	54,947	2,211	263,722	762,035	3,831,689	(399,294)	4,458,152
Other Expenses:										
Professional fees	9,215	-	17,590	410,726	-	437,531	47,319	210,795	-	695,645
Management fees	-	-	-	-	-	-	132,171	515,493	(153,702)	493,962
Program and client expenses	149,738	171,399	1,422	8,636	365	331,560	-	-	-	331,560
Office and other	30,148	18,519	5,487	51,866	6,472	112,492	19,391	102,323	-	234,206
Telephone and communications	13,325	6,272	2,873	99,911	2,399	124,780	9,693	37,633	-	172,106
Miscellaneous	12,275	8,269	13,059	10,375	1,980	45,958	8,816	47,057	-	101,831
Grant expense	49,272	-	-	-	-	49,272	-	-	-	49,272
Vehicle	30,584	-	-	-	-	30,584	-	-	-	30,584
Bad debts	140	1,579	2,035	3,500	-	7,254	4,784	2,858	-	14,896
Total other expenses	294,697	206,038	42,466	585,014	11,216	1,139,431	222,174	916,159	(153,702)	2,124,062
Total expenses before interest - amortization and depreciation and amortization	1,815,798	860,915	801,238	1,193,399	226,915	4,898,265	1,227,617	6,020,623	(552,996)	11,593,509
Interest - Amortization	-	-	-	-	-	-	-	130,848	-	130,848
Depreciation and Amortization	51,414	-	-	84,392	-	135,806	508,786	1,680,689	-	2,325,281
Total expenses with capitalized costs	1,867,212	860,915	801,238	1,277,791	226,915	5,034,071	1,736,403	7,832,160	(552,996)	14,049,638
Less - capitalized costs	-	-	(150,000)	-	-	(150,000)	-	-	-	(150,000)
Total expenses	\$ 1,867,212	\$ 860,915	\$ 651,238	\$ 1,277,791	\$ 226,915	\$ 4,884,071	\$ 1,736,403	\$ 7,832,160	\$ (552,996)	\$ 13,899,638

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

JUST-A-START CORPORATION AND AFFILIATES

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

	Just-A-Start					Rental Properties				
	Program Services			Supporting Services		Total	Directly Owned	Controlled Affiliates (Exhibit B)	Eliminations	Total
	Education and Training	Housing Resources	Real Estate Development	General and Administrative	Fundraising					
Personnel and Related:										
Salaries	\$ 1,165,830	\$ 653,841	\$ 490,401	\$ 510,644	\$ 160,526	\$ 2,981,242	\$ -	\$ -	\$ -	\$ 2,981,242
Contract labor	8,022	827	1,000	19,709	-	29,558	204,722	1,137,536	-	1,371,816
Employee benefits	106,309	62,400	76,067	32,971	18,918	296,665	-	-	-	296,665
Payroll taxes	76,912	49,039	37,664	37,162	13,038	213,815	-	-	-	213,815
Total personnel and related	1,357,073	766,107	605,132	600,486	192,482	3,521,280	204,722	1,137,536	-	4,863,538
Occupancy:										
Utilities	15,236	2,105	1,349	1,883	446	21,019	106,298	1,032,083	-	1,159,400
Interest	12,856	-	3,302	-	-	16,158	192,603	523,154	(23,906)	708,009
Contracted services	750	-	-	-	-	750	296,133	1,060,211	(388,804)	968,290
Repairs and maintenance	9,090	634	529	4,234	639	15,126	62,679	602,426	-	680,231
Real estate taxes	-	-	-	-	-	-	80,266	345,506	-	425,772
Insurance	16,606	1,283	286	11,053	-	29,228	46,085	227,831	-	303,144
Rents	84,110	16,409	35,905	21,098	2,800	160,322	-	1,382	-	161,704
Total occupancy	138,648	20,431	41,371	38,268	3,885	242,603	784,064	3,792,593	(412,710)	4,406,550
Other Expenses:										
Professional fees	11,292	5,624	10,163	277,793	4,628	309,500	44,596	170,854	-	524,950
Management fees	-	-	-	-	-	-	133,136	504,920	(108,867)	529,189
Program and client expenses	73,253	220,403	6,637	7,108	2,266	309,667	-	-	-	309,667
Office and other	35,016	4,676	4,493	58,208	2,945	105,338	16,678	108,291	-	230,307
Telephone and communications	12,182	6,044	2,674	82,221	854	103,975	8,559	34,368	-	146,902
Miscellaneous	10,999	4,116	4,296	6,722	1,882	28,015	7,236	91,727	-	126,978
Grant expense	40,062	5,160	-	-	-	45,222	-	-	-	45,222
Vehicle	25,054	-	-	-	-	25,054	275	-	-	25,329
Bad debts	-	-	8,488	-	-	8,488	62	12,264	-	20,814
Total other expenses	207,858	246,023	36,751	432,052	12,575	935,259	210,542	922,424	(108,867)	1,959,358
Total expenses before interest - amortization and depreciation and amortization	1,703,579	1,032,561	683,254	1,070,806	208,942	4,699,142	1,199,328	5,852,553	(521,577)	11,229,446
Interest - Amortization	-	-	-	-	-	-	-	33,353	-	33,353
Depreciation and Amortization	78,680	4,666	609	14,442	1,157	99,554	512,954	1,596,581	-	2,209,089
Total expenses with capitalized costs	1,782,259	1,037,227	683,863	1,085,248	210,099	4,798,696	1,712,282	7,482,487	(521,577)	13,471,888
Less - capitalized costs	-	-	(53,000)	-	-	(53,000)	-	-	-	(53,000)
Total expenses	\$ 1,782,259	\$ 1,037,227	\$ 630,863	\$ 1,085,248	\$ 210,099	\$ 4,745,696	\$ 1,712,282	\$ 7,482,487	\$ (521,577)	\$ 13,418,888

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

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

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 a sixteen-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 approximately forty staff members working in Cambridge. JAS's skilled staff includes teachers, case managers, licensed social workers, an attorney, trained mediators, construction managers, and project managers. Approximately thirty volunteers serve JAS each year, primarily in its YouthBuild program. JAS is supported by funding from a variety of public and private sources, grants, contracts, and fees.

JAS operates the following programs:

Rental Housing

Affordable Rental Housing 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).

Properties which are owed directly by JAS are reflected as directly owned rental properties. Properties owned by separate legal entities, even if wholly-owned or controlled by JAS, are reflected as controlled affiliate rental properties.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Operations (Continued)

Real Estate Development

Asset Management

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

Homeownership Development

JAS develops homes, usually condominiums, for sale to first-time homebuyers. These units are generally affordable to families earning 60% to 80% of the area 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 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.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Operations (Continued)

Education and Training (Continued)

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.

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.

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.

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, 2016 and 2015

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Operations (Continued)

Shelter Program - Discontinued Operations

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. Just-A-Start 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. During 2016, this program was discontinued and Just-A-Start House was sold subsequent to year-end (see Note 7).

During April 2016, JAS's Board of Directors voted to discontinue operations of the Just-A-Start House Teen Parent Program (Just-A-Start House) effective April 30, 2016. As a result, management decided to sell Just-A-Start House (see Note 7). The activity relating to the operations of this program is reflected as gain (loss) from discontinued operations in the accompanying consolidating statements of activities and is summarized as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Revenues	\$ 300,832	\$ 950,758
Expenses	(264,027)	(802,988)
Impairment loss on property held for sale	<u>(74,663)</u>	<u>-</u>
Loss from discontinued operations	<u>\$ (37,858)</u>	<u>\$ 147,770</u>

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.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Principle Adoption

During 2016, JAS and Affiliates adopted the FASB's Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs be presented on the consolidating statements of financial position as a direct reduction from the carrying balance of the related mortgage notes payable. Previously, JAS and Affiliates reflected unamortized debt issuance costs as capitalized costs in the accompanying 2015 consolidating statement of financial position, and has retroactively reclassified 2015 amounts in accordance with this ASU. The reclassification reduced total assets and long-term debt at December 31, 2015, by \$206,977.

In addition, amortization of debt issuance costs is required to be included with interest expense in the accompanying consolidating statements of activities. Accordingly, amortization expense totaling \$33,353 for the year ended December 31, 2015, has been reclassified to interest - amortization.

The adoption of this ASU did not impact JAS and Affiliates' net assets balance, change in net assets, or cash flows for the years ended December 31, 2016 and 2015.

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 statements of cash flows, management considers all cash and unrestricted, highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

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).

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 statements of financial position. Project-related costs paid for by JAS or its Affiliates for developments owned by other entities are included within due from affiliates (see Note 3) in the accompanying consolidating statements of financial position.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred (see Note 7).

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

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. During 2016, an impairment loss was recorded on the Just-A-Start House property (see Notes 1 and 7). There were no impairment losses recorded during 2015.

Capitalized Costs and Amortization

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

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding and amortization is computed using an imputed interest rate on the related loan. Unamortized debt issuance costs are reported as a reduction of the corresponding obligation (see Notes 10 and 17).

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.

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. Interest income is recognized when earned. All other revenue is recognized when earned.

Donated Services

During 2016, JAS received \$60,300 of donated services for its programs. These donations are reflected in the accompanying consolidating financial statements based upon the estimated value assigned by management and are included in grants and contributions and program and client expenses for the year ended December 31, 2016.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

Also included in temporarily restricted net assets is restricted loan capital, which consists of capital resources available as lending capital for JAS's City of Cambridge lending program.

Temporarily restricted net assets consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Loan capital	\$ 843,541	\$ 824,428
Purpose restricted	<u>190,464</u>	<u>87,843</u>
	<u>\$ 1,034,005</u>	<u>\$ 912,271</u>

Non-Controlling Interest

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

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

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

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

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

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

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

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Subsequent Events

Subsequent events have been evaluated through July 17, 2017, which is the date the consolidating financial statements were available to be issued. See Notes 3 and 7 for events that met the criteria for recognition and disclosure in the consolidating financial statements.

Income Taxes

As described in Note 1, JAS is exempt from income taxes under Section 501(c)(3) of the IRC. Certain affiliates of JAS are also exempt from income taxes under Sections 501(c)(3) and 501(c)(4) of the IRC (see Note 3). JAS has for-profit corporate affiliates (see Note 3) that are subject to income taxation at the Federal and state levels. The corporate affiliates had, for Federal income tax purposes, net operating loss carryforwards of approximately \$203,000 and \$189,000 available to offset future taxable income as of December 31, 2016 and 2015, respectively. The corporate affiliates had, for state income tax purposes, net operating loss carryforwards of approximately \$114,000 and \$102,000 available to offset future taxable income as of December 31, 2016 and 2015, respectively. These carryforwards expire at various dates through 2036. The value of the deferred tax assets associated with net operating loss carryforwards has been reserved due to the uncertainty of their future use. No income tax provision has been included in the consolidating financial statements for for-profit affiliates taxed as partnerships, as the income, loss and credits are reported by the partners on their respective income tax returns.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

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, 2016 and 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.

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 22 and Note 6). Prior to the formation of JAS Homeownership, the condominium units were purchased and rehabilitated by JAS. At December 31, 2016, all condominium units were owned by JAS Homeownership and 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 20). During 2016, a fire destroyed one of St. Patricks' buildings and significantly damaged another (see Note 15).

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

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 20).

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 20). Effective December 31, 2015, the limited partner assigned 100% of its interest to JAS.

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 20). Effective December 31, 2016, the limited partner assigned 100% of its interest to JAS.

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. Prior to December 31, 2016, JAS owned 8.43% of Close Building's equity interests, but controlled Close Building's managing general partner, JASDC, Inc. (see page 20). Effective December 31, 2016, the limited partner assigned its 91% interest to JAS. The estimated value of the donated interest was \$14,500,000. Because JAS controlled Close Building prior to the donation, this donation has not been recognized in the accompanying consolidating financial statements. In connection with the transfer of interest, the Close Building also authorized the distribution of \$429,772 to partners in proportion to interests prior to the donation.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Controlled Affiliates: (Continued)

Syndicated Rental Properties

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 20).

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 \$3,728,527 of capital contributions, due in five installments, subject to any low-income housing tax credit adjustments and certain other terms and conditions of the operating agreement and related documents. During 2016, the Investor Members paid in capital contributions of \$2,075,335. As of December 31, 2016 and 2015, the Investor Members have contributed \$3,728,527 and \$1,653,192, respectively, to Bishop Allen. JAS owns less than 1% of Bishop Allen's equity interests, but controls Bishop Allen's general partner, Bishop Allen JAS, LLC (see page 20).

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, and bridge and permanent financing through MassHousing, as well as through a seller note to JAS (see pages 20 and 21). 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, 2016 and 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 20).

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Subsequent to December 31, 2016, JAS created the following two entities:

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

JAS Consolidated Properties LLC, a Massachusetts limited liability company, to acquire, hold, develop, manage, operate, invest in, and deal with interests in real property, including projects located in Cambridge, engage in any and all activities related thereto, and engage in any other business that a limited liability company may carry on under the laws of Massachusetts. JAS Consolidated MM LLC owns 100% of JAS Consolidated Properties LLC.

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.

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 (see Rindge Tower on page 18). 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 \$8,946,369 is shown net of the reserve on the seller note of \$21,781,600 as re-syndication of Rindge project (\$12,835,231) in the accompanying consolidating statement of changes in net assets. These amounts were restated from their original presentation in previously issued 2015 consolidating financial statements to reflect an additional \$683,353 of net costs incurred in connection with the resyndication of the Rindge project.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

General Partner Entities

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

The following wholly-owned 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.
- **JASDC, 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.

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.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

3. RELATED PARTY TRANSACTIONS (Continued)

Notes and Interest Receivable from Affiliates (Continued)

The balance consisted of the following as of December 31, 2016:

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Final Maturity</u>
Rindge Tower*	1	3.75%	\$ 21,781,600	\$ 850,844	July 2058
Bishop Allen	2	3.14%	1,223,000	42,294	June 2054
Squirrel Brand	1	8.5%	660,000	1,770,705	May 2021
Putnam Place	2	5.53% - 8%	<u>122,312</u>	<u>127,201</u>	January 2018
			23,786,912	2,791,044	
Less - valuation allowances			<u>23,289,014</u>	<u>1,677,058</u>	
			497,898	1,113,986	
Less - current portion			<u>37,898</u>	<u>107,414</u>	
			<u>\$ 460,000</u>	<u>\$ 1,006,572</u>	

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</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%	<u>25,000</u>	<u>26,441</u>	January 2017
			23,811,912	1,769,738	
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>	

* Principal and accrued interest have been characterized as equity in the accompanying supplementary consolidating statements of financial position.

For the years ended December 31, 2016 and 2015, interest earned by JAS on the above affiliate notes totaled \$1,079,661 and \$225,137, respectively, of which \$938,432 and \$225,137, respectively, was reserved. As of December 31, 2016 and 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.

Developer and Other Service Fees

JAS receives certain incentive and supplemental management fees and other program service fees from its rental projects. Fees received during the years ended December 31, 2016 and 2015, totaled \$552,996 and \$497,671, respectively. The incentive and supplemental management fees are recognized when paid based on prior year cash flow for annual services provided by JAS and are included in contracted services and management fees in the accompanying consolidating statements of functional expenses.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

3. RELATED PARTY TRANSACTIONS (Continued)

Developer and Other Service Fees (Continued)

JAS, in its role as sponsor and developer, earns developer fees from each project undergoing rehabilitation. JAS earned developer fees totaling \$1,153,499 and \$1,605,526 during the years ended December 31, 2016 and 2015, respectively, from the projects noted below, which are included in developer and other service fees in the accompanying consolidated statements of activities and are shown net of reserves of \$509,762 for the year ended December 31, 2015. There were no amounts reserved for in 2016.

	<u>2016</u>	<u>2015</u>
Developer fees:		
Rindge Tower	\$ 940,753	\$ 954,337
Bishop Allen	150,746	591,189
Condo Repurchase Program (see Note 6)	<u>62,000</u>	<u>60,000</u>
Total developer fees	1,153,499	1,605,526
Management, resident service and other fees	552,996	552,671
Less - valuation allowance	-	509,762
Less - eliminations	<u>701,742</u>	<u>(14,091)</u>
	<u>\$ 1,004,753</u>	<u>\$ 1,662,526</u>

Developer fees and other receivables were as follows as of December 31, 2016:

<u>JAS Due From</u>	<u>Developer Fees</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
Squirrel Brand	\$ -	\$ 1,770,705	\$ 586,884	\$ 2,357,589
Bishop Allen	507,016 *	42,294	12,222	561,532
Putnam Place	-	127,201	42,000	169,201
Churchill Court	-	-	87,000	87,000
St. Patricks	-	-	16,825	16,825
Elm Place	-	-	12,790	12,790
JAS Properties	-	-	11,000	11,000
Rindge Tower	<u>932,046</u>	<u>850,844</u>	<u>-</u>	<u>1,782,890</u>
	1,439,062	2,791,044	768,721	4,998,827
Less - valuation allowance	<u>359,016</u>	<u>1,677,058</u>	<u>454,770</u>	<u>2,490,844</u>
	1,080,046	1,113,986	313,951	2,507,983
Less - current portion	<u>1,080,046</u>	<u>107,414</u>	<u>93,822</u>	<u>1,281,282</u>
	-	1,006,572	220,129	1,226,701
Consolidated Affiliates Due From				
JAS Corp	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
	<u>\$ -</u>	<u>\$ 1,006,572</u>	<u>\$ 720,129</u>	<u>\$ 1,726,701</u>

* In 2016, interest began accruing at 3.14% on the developer fee payable. The developer fee includes \$8,281 of accrued interest as of December 31, 2016.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

3. RELATED PARTY TRANSACTIONS (Continued)

Developer and Other Service Fees (Continued)

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

Entity	Developer Fees	Interest	Other	Total
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
St. Patricks	-	-	16,113	16,113
JAS Affordable	-	-	169,316	169,316
JAS Properties	-	-	11,000	11,000
Wellington-Harrington	-	26,441	-	26,441
Rindge Tower	470,376	22,689	-	493,065
	1,235,019	1,769,738	926,539	3,931,296
Less - valuation allowance	509,762	738,626	452,770	1,701,158
	725,257	1,031,112	473,769	2,230,138
Less - current portion	725,257	20,261	248,520	994,038
	\$ -	\$ 1,010,851	\$ 225,249	\$ 1,236,100

As of December 31, 2016 and 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, but are generally eliminated in consolidation. Investments in LPs and LLCs consist of amounts invested by JAS into various LPs and LLCs through JAS's general partner subsidiaries (see page 20) as support for development projects carried on by those LPs and LLCs.

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, 2016:

	Balance December 31, 2015	Capital Contributions	Investor Share of Net Income (Loss)	Syndication Costs	Distributions	Transfer to JAS	Balance December 31, 2016
Squirrel Brand	\$ (2,050,536)	\$ -	\$ (403,127)	\$ -	\$ -	\$ 2,453,663	\$ -
Elm Place	1,480,072	-	(160,897)	-	-	-	1,319,175
Bishop Allen	1,203,445	2,075,335	(277,282)	-	-	-	3,001,498
Close Building	1,122,664	-	47,289	-	(391,092)	(835,942)	(57,081)
Rindge Tower	1,741,437	-	574,670	(52,701)	-	-	2,263,406
	\$ 3,497,082	\$ 2,075,335	\$ (219,347)	\$ (52,701)	\$ (391,092)	\$ 1,617,721	\$ 6,526,998

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

3. RELATED PARTY TRANSACTIONS (Continued)

Non-Controlling Interest (Continued)

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:

	Balance December 31, 2014	Capital Contributions	Investor Share of Net Income (Loss)	Distributions	Transfer to JAS	Balance December 31, 2015
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	91,437	-	-	1,741,437
	<u>\$ 1,602,159</u>	<u>\$ 2,752,128</u>	<u>\$ (841,581)</u>	<u>\$ (14,780)</u>	<u>\$ (844)</u>	<u>\$ 3,497,082</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, 2016 and 2015:

	<u>2016</u>			<u>Total</u>
	<u>Operating</u>	<u>Rental Properties</u>		
		<u>Directly Owned</u>	<u>Controlled Affiliates</u>	
Real estate and insurance escrows	\$ -	\$ 25,467	\$ 174,089	\$ 199,556
Restricted deposits:				
Replacement reserves	\$ -	\$ 404,484	\$ 1,519,421	\$ 1,923,905
Operating reserves	13,152	52,426	1,267,141	1,332,719
Home Improvement Program funds (see Note 5)	933,582	-	-	933,582
Insurance proceeds (see Note 15)	500,000	-	-	500,000
Total restricted deposits	<u>\$ 1,446,734</u>	<u>\$ 456,910</u>	<u>\$ 2,786,562</u>	<u>\$ 4,690,206</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

4. RESTRICTED DEPOSITS AND ESCROWS (Continued)

	2015			
	Operating	Rental Properties		Total
Directly Owned		Controlled Affiliates		
Real estate and insurance escrows	\$ -	\$ 15,844	\$ 112,271	\$ 128,115
Restricted deposits:				
Replacement reserves	\$ -	\$ 391,937	\$ 1,322,638	\$ 1,714,575
Operating reserves	-	52,321	930,757	983,078
Home Improvement Program funds (see Note 5)	<u>1,025,971</u>	-	-	<u>1,025,971</u>
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 (see Note 10), JAS and Affiliates are required to maintain operating reserves to fund potential future operating deficits and maintain replacement reserves to fund future capital improvements. Real estate and insurance escrows are maintained by the properties to ensure timely payment of all real estate taxes and insurance premiums.

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, 2016 and 2015, JAS had the following notes receivable outstanding under HIP:

Type	Interest Rates	2016		2015	
		# of Notes	Principal Balance	# of Notes	Principal Balance
City of Cambridge:					
Servicing notes	0% - 3%	86	\$ 2,281,070	83	\$ 2,202,355
Deferred payment	0%	67	<u>1,114,021</u>	73	<u>1,049,241</u>
			3,395,091		3,251,596
Cambridge Savings Bank - servicing	0% - 3%	33	534,672	34	578,421
Other			<u>18,175</u>		<u>21,735</u>
Total notes receivable			3,947,938		3,851,752
Less - current portion			<u>135,723</u>		<u>253,892</u>
			<u>\$ 3,812,215</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).

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

5. NOTES RECEIVABLE (Continued)

Home Improvement Program (Continued)

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

2017	\$ 135,723
2018	\$ 189,857
2019	\$ 130,322
2020	\$ 135,613
2021	\$ 127,930

Allowance for Loan Losses

JAS provides for an allowance for potential loan losses of the loan portfolio. The allowance is based on JAS's assessment of the collectability of individual notes receivable. There were no allowances for loan losses recorded at December 31, 2016 or 2015, since there are no significant anticipated losses based on management's assessment.

Contractual Advances

As of December 31, 2016 and 2015, contractual advances consist of \$3,481,131 and \$3,451,925, respectively, which represents the aggregate amount of home improvement loan pool funds advanced by and subject to recall by the City. Advances from the City are not formal loans, however, JAS and the City mutually agree that this funding represents a liability. Proceeds from these advances are used to fund homeowner loans under HIP. There are no formal repayment terms and payments are not typically made in the event a homeowner loan is paid in full.

6. PROJECTS UNDER DEVELOPMENT

The following is a summary of amounts included in projects under development as presented in the accompanying consolidating statements of financial position. These include development costs for condos that JAS acquires and develops for sale to individual homeowners and other development costs related to rehabilitation of rental projects (see below). Costs considered to be recoverable are capitalized. Recoverable costs expected to be realized within one year from the consolidating statements of financial position date, are classified as current. Other recoverable costs are classified as non-current. Non-recoverable costs are expensed as incurred. At December 31, 2016 and 2015, projects under development consist of the following:

	<u>2016</u>	<u>2015</u>
Current:		
Condo Repurchase Program	\$ 1,611,360	\$ 1,598,605
Long-term:		
Rindge Tower Apartments	18,549,479	4,377,892
JAS Consolidation	489,784	70,179
Condo Repurchase Program	159,460	430,143
Other Projects	<u>57,634</u>	<u>-</u>
Total long-term	<u>19,256,357</u>	<u>4,878,214</u>
Total projects under development	<u>\$ 20,867,717</u>	<u>\$ 6,476,819</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

6. PROJECTS UNDER DEVELOPMENT (Continued)

Management of JAS has capitalized the costs on page 26 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 years ended December 31, 2016 and 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, 2016, JAS and JAS Homeownership held thirteen units totaling \$1,770,820. 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 years ended December 31, 2016 and 2015, JAS recognized developer fees under the Condo Repurchase Program totaling \$62,000 and \$60,000, respectively (see Note 3).

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, 2016 and 2015, development costs of \$18,549,479 and \$4,377,892, respectively, have been incurred and capitalized and are included in long-term portion of projects under development in the accompanying consolidating statements of financial position.

JAS Consolidation

During 2016 and 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, 2016 and 2015, development costs of \$489,784 and \$70,179, respectively, have been incurred and capitalized and are included in long-term portion of projects under development in the accompanying consolidating statements of financial position.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2016:

	<u>Operating</u>	<u>Rental Properties</u>		<u>Total</u>
		<u>Directly Owned</u>	<u>Controlled Affiliates</u>	
Land	\$ 26,528	\$ 1,155,718	\$ 10,447,419	\$ 11,629,665
Buildings and improvements	1,810,380	13,589,535	51,802,245	67,202,160
Equipment and furniture	171,343	122,788	2,057,799	2,351,930
Construction in process	44,332	-	-	44,332
Vehicles	<u>27,250</u>	<u>-</u>	<u>-</u>	<u>27,250</u>
	2,079,833	14,868,041	64,307,463	81,255,337
Less - accumulated depreciation	<u>1,071,192</u>	<u>7,458,567</u>	<u>21,706,525</u>	<u>30,236,284</u>
	<u>\$ 1,008,641</u>	<u>\$ 7,409,474</u>	<u>\$ 42,600,938</u>	<u>\$ 51,019,053</u>

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	\$ 10,480,640	\$ 11,787,886
Buildings and improvements	3,697,603	13,589,535	50,553,503	67,840,641
Equipment and furniture	171,343	122,788	2,014,416	2,308,547
Vehicles	<u>60,604</u>	<u>-</u>	<u>-</u>	<u>60,604</u>
	4,081,078	14,868,041	63,048,559	81,997,678
Less - accumulated depreciation	<u>1,379,030</u>	<u>6,949,781</u>	<u>20,031,989</u>	<u>28,360,800</u>
	<u>\$ 2,702,048</u>	<u>\$ 7,918,260</u>	<u>\$ 43,016,570</u>	<u>\$ 53,636,878</u>

Construction in process at December 31, 2016, represents capitalized software costs, which have not been placed in service at year-end. These assets will be depreciated beginning in 2017 once placed in service.

Depreciation expense for the years ended December 31, 2016 and 2015, totaled \$2,340,720 and \$2,278,016, respectively, including \$21,592 and \$73,556, which is included in gain (loss) on discontinued operations for the years ended December 31, 2016 and 2015, respectively.

Property Held for Sale

During 2016, JAS discontinued the operations of Just-A-Start House (see Note 1) and decided to sell the property in Somerville, Massachusetts. JAS recorded an impairment loss of \$74,663 (see Note 1) to adjust the carrying value of this property to its current net realizable value. The adjusted carrying value of the property is approximately \$1,551,000 and is classified as property held for sale in the accompanying consolidating statement of financial position as of December 31, 2016.

Subsequent to December 31, 2016, Just-A-Start House was sold for approximately \$921,000 in cash, as well as an assumption of the deferred debt on this property, which is comprised of the \$550,000 note payable to CEDAC and the \$80,000 note payable to the City (see pages 31 and 32).

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

8. CAPITALIZED COSTS AND AMORTIZATION

Capitalized costs consist of costs related to deferred tax credit application fees. Capitalized costs are shown net of accumulated amortization of \$14,538 and \$8,385 as of December 31, 2016 and 2015, respectively. Amortization expense for the years ended December 31, 2016 and 2015, was \$6,153 and \$4,629, respectively. Amortization expense for the next five years is expected to be as follows:

2017	\$ 7,630
2018	\$ 7,630
2019	\$ 7,630
2020	\$ 5,493
2021	\$ 3,971

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 \$486,463 and \$529,789 for the years ended December 31, 2016 and 2015, respectively, which are reflected as management fees in the accompanying consolidating statements of functional expenses.

10. LONG-TERM DEBT

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

Operating	2016	2015
<i>Condo Repurchase Program</i>		
Non-interest bearing notes payable to the City. No payments are required until the sale of the mortgaged property (see Note 5) or until maturity. These notes mature at various dates through December 2018 and are secured by mortgages on the properties.	\$ 1,659,418	\$ 1,917,412
<i>Home Improvement Program</i>		
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 (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.	575,585	593,650
<i>Just-A-Start House</i>		
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 Just-A-Start House (see Note 1). Subsequent to year end, this note was paid with proceeds from the sale of Just-A-Start House (see Note 7).	654,474	666,887

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

10. LONG-TERM DEBT (Continued)

Operating (Continued)	<u>2016</u>	<u>2015</u>
<i>Just-A-Start YouthBuild</i>		
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.	261,065	300,663
<i>Real Estate Development - JAS Consolidation</i>		
4.5% note payable to the Local Initiatives Support Corporation (LISC), which allows for borrowings up to \$577,725. Interest is due and payable monthly. The note matures in December 2017 and is secured by all related business assets.	<u>204,101</u>	<u>-</u>
Total Operating	3,354,643	3,478,612
Total Directly Owned Rental Properties (see pages 35 and 36)	2,777,851	3,025,254
Total Controlled Affiliates (see pages 37 - 39)	24,481,718	14,429,307
Less - eliminations	<u>98,339</u>	<u>98,339</u>
Total JAS and Affiliates	30,515,873	20,834,834
Less - current portion	<u>2,393,123</u>	<u>4,012,050</u>
	<u>\$ 28,122,750</u>	<u>\$ 16,822,784</u>

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

	<u>Operating</u>	<u>Rental</u>	<u>Total</u>
2017	\$ 1,775,481	\$ 617,642	\$ 2,393,123
2018	\$ 204,297	\$ 9,059,023	\$ 9,263,320
2019	\$ 62,193	\$ 2,255,479	\$ 2,317,672
2020	\$ 65,076	\$ 616,180	\$ 681,256
2021	\$ 68,097	\$ 633,220	\$ 701,317

The above notes have certain financial and non-financial covenants with which JAS and Affiliates must comply. As of December 31, 2016 and 2015, JAS and Affiliates were in compliance with applicable debt covenants.

Debt issuance costs related to the various notes payable totaling \$1,062,183 and \$393,921 are shown net of accumulated imputed interest of \$273,661 and \$186,944 as of December 31, 2016 and 2015, respectively. Net debt issuance costs are reported on the consolidating statements of financial position as a direct reduction of the face amount of the related long-term debt (see Note 2 and page 39). Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed rate on the related loan.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

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, 2016 and 2015, unrecorded deferred interest on forgivable contingent loans totaled approximately \$6,336,000 and \$5,975,000, respectively.

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

Operating	2016	2015
<i>Real Estate Development</i>		
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	\$ 460,000
<i>Just-A-Start House</i>		
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 2017 based on 2016 cash flow. Subsequent to year end, this note was assigned as partial consideration for Just-A-Start House (see Note 7).	550,000	550,000

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

11. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Operating (Continued)	<u>2016</u>	<u>2015</u>
<i>Just-A-Start House (Continued)</i>		
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. Subsequent to year end, this note was assigned as partial consideration for Just-A-Start House (see Note 7).	80,000	80,000
Total Just-A-Start House	<u>630,000</u>	<u>630,000</u>
Total Operating	1,090,000	1,090,000
Total Directly Owned Rental Properties (see page 40 - 43)	8,487,609	8,480,089
Total Controlled Affiliates (see pages 44 - 47)	<u>18,838,682</u>	<u>18,331,672</u>
Total contingent debt and deferred interest before eliminations	28,416,291	27,901,761
Less - eliminations	<u>3,739,758</u>	<u>3,578,603</u>
	<u>\$ 24,676,533</u>	<u>\$ 24,323,158</u>

The notes above and on page 31 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, 2016 and 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.

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.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

12. COMMITMENTS AND CONTINGENCIES (Continued)

Lease Commitments

JAS leases commercial space under a lease agreement that expires in February 2019. Monthly base rent under this lease was \$2,865 and \$2,323 for 2016 and 2015, respectively, and will escalate by approximately 3% each year.

In May 2015, JAS entered into a lease agreement set to expire in April 2020, to rent program space with an option to extend the term of the lease for an additional three-year period. Monthly base rent under this lease was \$6,177 and \$6,025 for 2016 and 2015, respectively, and will escalate by approximately 2.5% each 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:

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

Other

During 2016, JAS was awarded \$150,000 of Community Investment Tax Credits (CITC) from DHCD to disburse to donors in exchange for donations. In addition, JAS carried over \$15,500 of 2015 credits which were disbursed during 2016. The CITCs are provided to donors based upon 50% of eligible donations. JAS received approximately \$285,000 in eligible donations during 2016 and provided approximately \$142,500 in CITCs, leaving approximately \$23,000 of 2016 credits to be carried over to 2017.

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 PLAN

During 2016, JAS established a 401K retirement plan. 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. JAS's contributions totaled \$75,967 for the year ended December 31, 2016, which are included in employee benefits in the accompanying 2016 consolidating statement of functional expenses.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

15. GAIN ON INVOLUNTARY CONVERSION

During December 2016, St. Patricks' property (see Note 3) suffered significant damages from a fire which destroyed one building and significantly damaged a second building. St. Patricks has received \$400,000 from the insurance company to pay immediate costs. Based on amounts estimated by the insurance carrier, St. Patricks is currently expected to receive a total of approximately \$4,336,000 for the depreciated value of the property damaged. St. Patricks and the insurance carrier are in the process of determining the full amount of the claim. This amount is subject to change as the claim process continues and the parties negotiate the final amount of the claim. No repairs have begun and the amount is an estimate based on information provided by the insurance company. St. Patricks maintained replacement cost coverage under its insurance policy and is expected to recover all damages, net of its policy deductible of \$10,000. As of July 17, 2017, no repairs have begun and no construction contract has been entered into.

St. Patricks has recognized a gain on involuntary conversion of \$3,726,528, which includes the write-off of the net book value of the property destroyed or damaged and immediate repairs of \$96,201. In addition, St. Patricks expects to recover lost rents pursuant to the terms of its policy. In December 2016, the insurance carrier made an advance payment of \$100,000 related to this portion of the claim. St. Patricks has estimated that \$20,000 will be recovered for December 2016. The remaining \$80,000 is included as deferred revenue and accounts payable, accrued expenses and other in the accompanying 2016 consolidating statement of financial position.

The amount of the insurance recovery, costs of immediate repairs and related gain on involuntary conversion, and the amount to be recovered for lost rents are subject to change based on the final amount of the claim as negotiated by the parties and the related costs incurred and to be incurred are subject to inherent uncertainty in their estimation. Consequently, these amounts are subject to change in the near term.

St. Patricks has estimated that it will receive insurance proceeds of \$4,326,000, net of its deductible, related to the casualty loss. The insurance carrier advanced \$500,000 to St. Patricks related to the claim in December 2016, which was received and deposited into accounts held by JAS, which is included in due from affiliates in accompanying 2016 consolidating statement of financial position. The balance of \$3,926,000 is included in accounts receivable - insurance proceeds in the accompanying 2016 consolidating statement of financial position.

16. RECLASSIFICATIONS

Certain amounts in the 2015 consolidating financial statements have been reclassified to conform with the 2016 consolidating presentation.

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 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	2016 Outstanding Principal	2015 Outstanding Principal
Webster/Bristol Street					
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.	\$ 126,505	\$ 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.	115,412	123,537
				241,917	258,010
Norfolk Street					
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 approximately \$350,000 is due at maturity.	392,021	407,219
Berkshire Street					
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.	75,726	80,291
Otis Street					
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.	331,418	348,576
Cardinal Mederios					
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 2027.	78,358	81,791
Elm Street					
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.	113,623	130,376

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

17. LONG-TERM DEBT (Continued)

Directly Owned Rental Properties (Continued)

Lender	Interest Rate	Security	Payment Terms	2016 Outstanding Principal	2015 Outstanding Principal
Hovey Street					
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.	141,730	204,527
Trembridge					
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.	178,342	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.	144,201	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.	125,625	142,872
				<u>448,168</u>	<u>490,090</u>
Scouting Way					
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.	776,724	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.	178,166	214,230
				<u>954,890</u>	<u>1,024,374</u>
Total long-term debt - Directly Owned Rental Properties				<u>\$ 2,777,851</u>	<u>\$ 3,025,254</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

17. LONG-TERM DEBT (Continued)

Controlled Affiliates

<u>Lender</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Payment Terms</u>	<u>2016 Outstanding Principal</u>	<u>2015 Outstanding Principal</u>
St. Patricks Place Limited Partnership					
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.	\$ 767,294	\$ 840,088
Putnam Place Limited Partnership					
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.	280,448	307,775
JAS	5.53%	Third mortgage on the property and an assignment of rents and leases.	Monthly payments 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, 2018.	98,339	98,339
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.	96,633	100,801
				<u>475,420</u>	<u>506,915</u>
Churchill Court Limited Partnership					
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. In March 2017, the maturity was extended to April 13, 2019, at which time the remaining balance of approximately \$360,000 will be due.	402,205	417,069
Squirrel Brand Limited Partnership					
CSB	7.25%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$6,651, through maturity in May 2018. A balloon payment of \$855,956 is due at maturity.	877,434	891,978
Elm Place/JAS Limited Partnership					
CSB	5.82%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$5,761, through maturity in December 2027. A balloon payment of \$680,561 is due at maturity.	914,224	928,781

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

17. LONG-TERM DEBT (Continued)

Controlled Affiliates (Continued)

Lender	Interest Rate	Security	Payment Terms	2016 Outstanding Principal	2015 Outstanding Principal
Elm Place/JAS Limited Partnership (Continued)					
CEDAC	0%	Shared second mortgage on the property and an assignment of rents and leases.	Payments of principal are due annually to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. Outstanding principal is due in June 2041 and may be extended for additional ten year periods at the discretion of CEDAC.	525,000	525,000
				1,439,224	1,453,781
Bishop Allen Apartments LLC					
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.	4,583,711	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 were due through the extended maturity in June 2016, at which time the entire unpaid principal and all accrued interest were repaid.	-	1,742,000
				4,583,711	6,417,000
Close Building Associates					
MassHousing	7.50%	First mortgage on the property.	Due in monthly principal and interest installments of \$10,057, through maturity in April 2016. During 2016, this note was fully repaid.	-	28,187
Wellington-Harrington Development Corporation					
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.	121,496	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. On December 20, 2016, the City extended the maturity to October 1, 2018.	71,366	81,541

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

17. LONG-TERM DEBT (Continued)

Controlled Affiliates (Continued)

Lender	Interest Rate	Security	Payment Terms	2016 Outstanding Principal	2015 Outstanding Principal
Wellington-Harrington Development Corporation (Continued)					
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.	28,091	50,451
				220,953	344,062
Next Step Housing Corporation					
Winter Hill Bank	4.75%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$2,165, through maturity on September 1, 2035.	322,049	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	55,265
				377,314	387,738
Rindge Tower Apartments LLC					
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.	8,626,685	3,349,466
MassHousing	2.50%	Second mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	Bridge note payable with interest-only payments due monthly through maturity on February 28, 2018, at which time any unpaid principal and accrued interest will be due.	7,500,000	-
				16,126,685	3,349,466
Total long-term debt - Controlled Affiliates				25,270,240	14,636,284
Less - debt issuance costs				(788,522)	(206,977)
Total long-term debt - Controlled Affiliates, net (see Note 10)				\$ 24,481,718	\$ 14,429,307

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST

Directly Owned Rental Properties

Lender	Interest Rate	Security	Payment Terms	2016 Outstanding Principal	2015 Outstanding Principal
Webster/Bristol Street					
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	\$ 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	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	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	90,000
				<u>1,016,200</u>	<u>1,016,200</u>
Norfolk Street					
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	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	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	105,000
				<u>870,000</u>	<u>870,000</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Directly Owned Rental Properties (Continued)

Lender	Interest Rate	Security	Payment Terms	2016 Outstanding Principal	2015 Outstanding Principal
Berkshire Street					
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in February 2048, at which time the outstanding principal balance and accrued interest shall be forgiven.	345,995	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 February 2028. The maturity date may be extended for an additional ten years with the approval from DHCD.	46,000	46,000
				391,995	391,995
Otis Street					
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	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	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	180,000
				880,000	880,000
Cardinal Mederios					
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	374,500

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Directly Owned Rental Properties (Continued)

<u>Lender</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Payment Terms</u>	<u>2016</u> <u>Outstanding</u> <u>Principal</u>	<u>2015</u> <u>Outstanding</u> <u>Principal</u>
Cardinal Mederios (Continued)					
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	94,000
Total contingent debt				468,500	468,500
Deferred interest				144,158	136,638
				<u>612,658</u>	<u>605,138</u>
Elm Street					
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	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	150,000
				<u>308,556</u>	<u>308,556</u>
Hovey Street					
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in February 2050, at which time the outstanding principal balance and accrued interest shall be forgiven.	1,129,200	1,129,200
The City	0.00%	Third mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in February 2050, at which time the outstanding principal balance shall be forgiven.	250,000	250,000
MHP	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due at maturity in February 2020.	250,000	250,000
				<u>1,629,200</u>	<u>1,629,200</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Directly Owned Rental Properties (Continued)

Lender	Interest Rate	Security	Payment Terms	2016 Outstanding Principal	2015 Outstanding Principal
Trembridge					
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	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	319,000
				<u>639,000</u>	<u>639,000</u>
Scouting Way					
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	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	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	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	400,000
				<u>2,140,000</u>	<u>2,140,000</u>
Total contingent debt and deferred interest - Directly Owned Rental Properties (see Note 11)				<u>\$ 8,487,609</u>	<u>\$ 8,480,089</u>

JUST-A-START CORPORATION AND AFFILIATES

 Notes to Consolidating Financial Statements
 December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)
Controlled Affiliates

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
St. Patricks Place Limited Partnership							
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	\$ 137,454	\$ 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	94,622	125,000	90,872
				<u>250,000</u>	<u>232,076</u>	<u>250,000</u>	<u>220,681</u>
Putnam Place Limited Partnership							
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	19,787	23,973	41,842
Churchill Court Limited Partnership							
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	596,886	330,000	544,421
Squirrel Brand Limited Partnership							
JAS	8.5%, compounded quarterly	Mortgage interest in the real estate of the partnership.	All outstanding principal and accrued interest are due at maturity in May 2021.	660,000	1,770,705	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	652,794	440,000	590,938
				<u>1,100,000</u>	<u>2,423,499</u>	<u>1,100,000</u>	<u>2,165,560</u>

JUST-A-START CORPORATION AND AFFILIATES

 Notes to Consolidating Financial Statements
 December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)
Controlled Affiliates (Continued)

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Elm Place/JAS Limited Partnership							
CAHT	2.25%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in July 2061.	994,872	362,131	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	-	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	122,077	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	-	393,019	-
				<u>3,051,291</u>	<u>484,208</u>	<u>3,051,291</u>	<u>439,487</u>
Bishop Allen Apartments LLC							
CAHT	2.61%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in June 2065.	4,244,501	287,910	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	35,310	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	-	1,000,000	-
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in March 2045. The maturity date may be extended for an additional thirty years with the approval of DHCD.	1,000,000	-	1,000,000	-

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Controlled Affiliates (Continued)

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Bishop Allen Apartments LLC (Continued)							
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	38,625	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.	265,866	22,159	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	6,983	140,000	2,514
				<u>8,268,367</u>	<u>390,987</u>	<u>8,279,394</u>	<u>208,594</u>
Wellington-Harrington Development Corporation							
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in April 2057.	329,000	208,429	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.	342,307	-	326,007	-
JAS	7.00%	Unsecured.	All outstanding principal and accrued interest are due at maturity in January 2017. During 2016, this note and all accrued interest were fully repaid.	-	-	25,000	26,441
				<u>671,307</u>	<u>208,429</u>	<u>680,007</u>	<u>208,550</u>

JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2016 and 2015

18. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Controlled Affiliates (Continued)

Lender	Interest Rate	Security	Payment Terms	2016		2015	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Next Step Housing Corporation							
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	-	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	-	224,999	-
				<u>787,872</u>	<u>-</u>	<u>787,872</u>	<u>-</u>
Rindge Tower Apartments LLC							
MassHousing	2.61%	Third mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	Allows for borrowings up \$1,505,971. Outstanding principal and accrued interest are due at maturity on July 1, 2058. No amounts have been drawn on this loan as of December 31, 2016 and 2015.	-	-	-	-
Total contingent debt and accrued interest - Controlled Affiliates				<u>\$ 14,482,810</u>	<u>\$ 4,355,872</u>	<u>\$ 14,502,537</u>	<u>\$ 3,829,135</u>

Supplementary Consolidating Statement of Financial Position - Controlled Affiliates (Rental Properties)
December 31, 2016
(With Summarized Comparative Totals as of December 31, 2015)

Assets	2016										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	Rindge Tower Apartments	Total	Total
Current Assets:												
Cash and cash equivalents - operating	\$ 69,937	\$ 55,266	\$ 41,621	\$ 54,939	\$ 127,539	\$ 292,713	\$ 59,934	\$ 119,787	\$ 20,953	\$ 587,434	\$ 1,430,123	\$ 1,218,833
Rent receivable	8,178	5,234	2,498	1,476	5,985	10,480	7,739	8,196	310	28,912	79,008	53,750
Escrows	-	3,614	-	-	-	-	64,971	40,185	-	65,319	174,089	112,271
Current portion of due from affiliates	-	-	-	-	-	-	-	-	-	-	-	169,316
Prepaid expenses and other	5,509	1,891	2,888	3,263	4,216	6,043	10,550	47,329	-	1,903	83,592	46,419
Total current assets	83,624	66,005	47,007	59,678	137,740	309,236	143,194	215,497	21,263	683,568	1,766,812	1,600,589
Other Assets:												
Restricted deposits	206,049	137,922	182,065	116,498	204,472	483,599	459,464	290,089	70,352	636,052	2,786,562	2,253,395
Accounts receivable - insurance proceeds	3,926,000	-	-	-	-	-	-	-	-	-	3,926,000	-
Due from affiliates, net of current portion	500,000	-	-	-	-	-	-	-	-	-	500,000	-
Projects under development	-	-	-	-	-	-	-	-	-	18,549,479	18,549,479	4,377,892
Capitalized costs, net	-	-	-	-	22,693	18,473	-	-	-	22,150	63,316	47,319
Total other assets	4,632,049	137,922	182,065	116,498	227,165	502,072	459,464	290,089	70,352	19,207,681	25,825,357	6,678,606
Property and Equipment, net	296,902	744,722	1,138,030	2,407,637	5,989,980	15,254,079	645,079	610,522	1,082,955	14,431,032	42,600,938	43,016,570
Total assets	\$ 5,012,575	\$ 948,649	\$ 1,367,102	\$ 2,583,813	\$ 6,354,885	\$ 16,065,387	\$ 1,247,737	\$ 1,116,108	\$ 1,174,570	\$ 34,322,281	\$ 70,193,107	\$ 51,295,765
Liabilities and Net Assets												
Current Liabilities:												
Current portion of long-term debt	\$ 77,669	\$ 30,679	\$ 16,548	\$ 15,842	\$ 15,594	\$ 88,017	\$ -	\$ 131,694	\$ 16,154	\$ -	\$ 392,197	\$ 2,205,106
Current portion of accounts payable, accrued expenses and other	254,420	39,628	26,920	57,431	46,413	57,038	594,954	105,097	16,907	362,518	1,561,326	908,411
Current portion of due to affiliates	16,825	107,414	21,426	19,559	12,790	160,222	-	-	-	932,046	1,270,282	813,722
Total current liabilities	348,914	177,721	64,894	92,832	74,797	305,277	594,954	236,791	33,061	1,294,564	3,223,805	3,927,239
Long-term Liabilities:												
Accounts payable, accrued expenses and other, net of current portion	-	-	-	-	-	-	-	-	-	2,414,985	2,414,985	-
Long-term debt, net	682,679	444,741	385,657	854,287	1,385,389	4,381,119	-	80,461	361,160	15,514,028	24,089,521	12,224,201
Due to affiliates, net of current portion	-	42,000	65,574	567,325	-	359,016	-	-	-	-	1,033,915	1,267,939
Total long-term liabilities	682,679	486,741	451,231	1,421,612	1,385,389	4,740,135	-	80,461	361,160	17,929,013	27,538,421	13,492,140
Contingent Debt and Deferred Interest	482,076	43,760	926,886	3,523,499	3,535,499	8,659,354	-	879,736	787,872	-	18,838,682	18,331,672
Total liabilities	1,513,669	708,222	1,443,011	5,037,943	4,995,685	13,704,766	594,954	1,196,988	1,182,093	19,223,577	49,600,908	35,751,051
Net Assets:												
Unrestricted:												
Operating	56,596	(30,989)	43,175	20,875	220,854	404,039	7,704	110,400	4,356	729,271	1,566,281	1,161,633
Property and equipment	3,442,310	271,416	(119,084)	(2,475,005)	1,138,346	1,956,582	645,079	(191,280)	(11,879)	14,369,433	19,025,918	14,383,081
Total unrestricted net assets	3,498,906	240,427	(75,909)	(2,454,130)	1,359,200	2,360,621	652,783	(80,880)	(7,523)	15,098,704	20,592,199	15,544,714
Total liabilities and net assets	\$ 5,012,575	\$ 948,649	\$ 1,367,102	\$ 2,583,813	\$ 6,354,885	\$ 16,065,387	\$ 1,247,737	\$ 1,116,108	\$ 1,174,570	\$ 34,322,281	\$ 70,193,107	\$ 51,295,765

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

Assets	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	Rindge Tower Apartments	Total
Current Assets:											
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
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	4,757	-	46,419
Total current assets	160,824	39,107	46,941	53,214	138,394	515,055	142,471	231,173	26,298	247,112	1,600,589
Other Assets:											
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	-	-	-	-	-	-	-	-	-	4,377,892	4,377,892
Capitalized costs, net	-	-	-	-	27,425	19,894	-	-	-	-	47,319
Total other assets	211,289	137,853	175,178	98,680	223,704	180,091	356,315	222,635	60,344	5,012,517	6,678,606
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	13,353,631	43,016,570
Total assets	\$ 1,309,348	\$ 960,856	\$ 1,409,301	\$ 2,748,381	\$ 6,505,772	\$ 16,264,924	\$ 1,184,735	\$ 1,092,244	\$ 1,206,944	\$ 18,613,260	\$ 51,295,765
Liabilities and Net Assets											
Current Liabilities:											
Current portion of long-term debt	\$ 72,794	\$ 30,834	\$ 15,394	\$ 14,546	\$ 14,554	\$ 1,819,705	\$ 27,282	\$ 194,477	\$ 15,520	\$ -	\$ 2,205,106
Accounts payable, accrued expenses and other	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
Total current liabilities	140,848	77,446	63,326	97,910	97,536	2,243,836	153,822	342,456	22,943	687,116	3,927,239
Long-term Liabilities:											
Long-term debt, net	759,620	476,081	401,675	866,998	1,397,345	4,460,743	-	140,055	372,218	3,349,466	12,224,201
Due to affiliates, net of current portion	-	120,158	69,144	568,875	-	509,762	-	-	-	-	1,267,939
Total long-term liabilities	759,620	596,239	470,819	1,435,873	1,397,345	4,970,505	-	140,055	372,218	3,349,466	13,492,140
Contingent Debt and Deferred Interest	470,681	65,815	874,421	3,265,560	3,490,778	8,487,988	-	888,557	787,872	-	18,331,672
Total liabilities	1,371,149	739,500	1,408,566	4,799,343	4,985,659	15,702,329	153,822	1,371,068	1,183,033	4,036,582	35,751,051
Net Assets:											
Unrestricted:											
Operating	238,340	(35,661)	39,843	2,743	197,587	90,924	15,931	83,194	18,875	509,857	1,161,633
Property and equipment	(300,141)	257,017	(39,108)	(2,053,705)	1,322,526	471,671	1,014,982	(362,018)	5,036	14,066,821	14,383,081
Total unrestricted net assets	(61,801)	221,356	735	(2,050,962)	1,520,113	562,595	1,030,913	(278,824)	23,911	14,576,678	15,544,714
Total liabilities and net assets	\$ 1,309,348	\$ 960,856	\$ 1,409,301	\$ 2,748,381	\$ 6,505,772	\$ 16,264,924	\$ 1,184,735	\$ 1,092,244	\$ 1,206,944	\$ 18,613,260	\$ 51,295,765

Supplementary Consolidating Statement of Activities - Controlled Affiliates (Rental Properties)
For the Year Ended December 31, 2016
(With Summarized Comparative Totals for the Year Ended December 31, 2015)

	2016										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	Rindge Tower Apartments	Total	Total
Operating Revenues:												
Rental income	\$ 586,830	\$ 245,857	\$ 223,194	\$ 364,978	\$ 343,672	\$ 823,747	\$ 926,615	\$ 726,573	\$ 108,508	\$ 3,647,455	\$ 7,997,429	\$ 7,896,249
Interest income and other	691	528	816	18,121	18,818	2,524	3,330	90,974	13	89,573	225,388	218,726
Total operating revenues	587,521	246,385	224,010	383,099	362,490	826,271	929,945	817,547	108,521	3,737,028	8,222,817	8,114,975
Operating Expenses:												
Personnel and related:												
Contract labor	88,843	33,768	36,059	55,863	55,505	91,335	172,756	127,582	12,786	598,278	1,272,775	1,137,536
Occupancy:												
Utilities	45,090	15,711	16,760	30,145	23,599	65,250	132,311	91,761	17,115	512,998	950,740	1,032,083
Interest	52,068	29,210	31,188	65,246	54,503	189,645	3,293	28,670	21,969	308,791	784,583	523,154
Contracted services	89,389	39,495	27,621	48,093	55,366	61,639	221,549	84,626	13,284	425,795	1,066,857	1,060,211
Repairs and maintenance	125,422	17,870	9,063	15,819	15,103	22,451	76,702	35,087	10,706	138,782	467,005	602,426
Real estate taxes	21,308	11,000	11,428	16,804	21,608	29,544	56,484	16,939	5,563	129,945	320,623	345,506
Insurance	14,755	5,335	8,172	8,253	7,555	18,085	28,555	22,454	4,795	120,919	238,878	227,831
Rents	-	-	-	-	-	-	-	-	-	3,003	3,003	1,382
Total occupancy	348,032	118,621	104,232	184,360	177,734	386,614	518,894	279,537	73,432	1,640,233	3,831,689	3,792,593
Other expenses:												
Professional fees	15,487	9,205	11,631	26,915	11,803	18,007	43,169	29,282	3,814	41,482	210,795	170,854
Management fees	51,236	14,000	31,248	38,009	33,409	48,137	37,131	39,865	6,526	215,932	515,493	504,920
Office and other	6,099	2,411	2,527	4,275	4,385	10,439	23,863	9,369	853	38,102	102,323	108,291
Telephone and communications	2,938	629	4,213	2,810	4,267	1,680	4,602	2,358	-	14,136	37,633	34,368
Miscellaneous	2,316	1,605	1,739	1,900	2,017	3,608	4,913	3,665	5,197	20,097	47,057	91,727
Bad debts	-	-	-	-	-	-	1,322	1,132	-	404	2,858	12,264
Total other expenses	78,076	27,850	51,358	73,909	55,881	81,871	115,000	85,671	16,390	330,153	916,159	922,424
Total operating expenses before interest - amortization and depreciation and amortization	514,951	180,239	191,649	314,132	289,120	559,820	806,650	492,790	102,608	2,568,664	6,020,623	5,852,553
Interest - amortization	728	-	-	3,129	3,641	21,977	905	732	-	99,736	130,848	33,353
Depreciation and amortization	168,811	45,157	56,540	211,067	185,921	331,109	70,748	80,088	37,347	493,901	1,680,689	1,596,581
Total operating expenses	684,490	225,396	248,189	528,328	478,682	912,906	878,303	573,610	139,955	3,162,301	7,832,160	7,482,487
Changes in unrestricted net assets from operations	(96,969)	20,989	(24,179)	(145,229)	(116,192)	(86,635)	51,642	243,937	(31,434)	574,727	390,657	632,488
Gain on Involuntary Conversion	3,726,528	-	-	-	-	-	-	-	-	-	3,726,528	-
Deferred Interest	(11,394)	(1,918)	(52,465)	(257,939)	(44,721)	(190,674)	-	(45,993)	-	-	(605,104)	(530,722)
Changes in unrestricted net assets	\$ 3,618,165	\$ 19,071	\$ (76,644)	\$ (403,168)	\$ (160,913)	\$ (277,309)	\$ 51,642	\$ 197,944	\$ (31,434)	\$ 574,727	\$ 3,512,081	\$ 101,766

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
Operating Revenues:											
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
Operating Expenses:											
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
Interest	56,662	41,458	32,193	66,095	55,189	193,244	17,058	36,414	20,845	3,996	523,154
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
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 interest - amortization and 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
Interest - amortization	728	-	180	3,129	3,641	24,571	372	732	-	-	33,353
Depreciation and amortization	166,135	43,816	56,474	207,483	182,064	264,093	78,577	95,806	37,347	464,786	1,596,581
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
Deferred Interest	(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

JUST-A-START CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Controlled Affiliates (Rental Properties)
For the Years Ended December 31, 2016 and 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>
Net Assets, December 31, 2014	\$ (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
Capital contributions	-	-	-	-	-	1,102,228	-	-	-	14,485,231	15,587,459
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
Transfers	-	-	-	-	-	-	-	-	-	(16,258,798)	(16,258,798)
Distributions	(7,654)	-	-	-	(14,781)	-	-	-	-	-	(22,435)
Net Assets, December 31, 2015	(61,801)	221,356	735	(2,050,962)	1,520,113	562,595	1,030,913	(278,824)	23,911	14,576,678	15,544,714
Capital contributions	-	-	-	-	-	2,075,335	-	-	-	-	2,075,335
Changes in net assets	3,618,165	19,071	(76,644)	(403,168)	(160,913)	(277,309)	51,642	197,944	(31,434)	574,727	3,512,081
Syndication costs	-	-	-	-	-	-	-	-	-	(52,701)	(52,701)
Distributions	(57,458)	-	-	-	-	-	(429,772)	-	-	-	(487,230)
Net Assets, December 31, 2016	<u>\$ 3,498,906</u>	<u>\$ 240,427</u>	<u>\$ (75,909)</u>	<u>\$ (2,454,130)</u>	<u>\$ 1,359,200</u>	<u>\$ 2,360,621</u>	<u>\$ 652,783</u>	<u>\$ (80,880)</u>	<u>\$ (7,523)</u>	<u>\$ 15,098,704</u>	<u>\$ 20,592,199</u>