

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.
AND SUBSIDIARIES
D/B/A CATCH NEIGHBORHOOD HOUSING
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019

CONTENTS

	PAGE
Independent Auditor's Report	1 and 2
Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 through 25
Supplementary Information:	
Consolidating Financial Statements	26 through 33



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Concord Area Trust for Community Housing, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Concord Area Trust for Community Housing, Inc., which comprise the consolidated statements of financial position as of March 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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, the financial statements referred to above present fairly, in all material respects, the financial position of Concord Area Trust for Community Housing, Inc. as of March 31, 2020 and 2019 and the related consolidated statements of activities and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 26 through 33 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants

July 30, 2020
South Portland, Maine

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the Year Ended March 31, 2020

(With summarized financial information for the year ended March 31, 2019)

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents (Note 9):		
Without Donor Restrictions	\$ 1,398,158	\$ 1,309,642
With Donor Restrictions	196,565	99,750
Contributions and Grants Receivable	44,496	68,554
Tenant Rents Receivable	52,068	32,950
Other Receivable	22,654	33,893
Tenant Security Deposits (Note 9)	252,413	259,144
Prepaid Expenses	151,566	123,835
Total Current Assets	<u>2,117,920</u>	<u>1,927,768</u>
PROPERTY AND EQUIPMENT, net (Note 1)	<u>44,586,077</u>	<u>46,032,411</u>
OTHER ASSETS		
Investments in Debt and Equity Securities - Mutual Fund	14,982	15,227
Projects in Process (Note 1)	117,448	7,170
Assets Held for Sale (Note 1)	667,457	610,472
Cash Reserves and Escrows (Notes 6 and 9)	2,239,828	2,151,989
Contributions and Grants Receivable - Long-term	19,526	32,964
Other Assets (Note 5)	174,968	199,842
Total Other Assets	<u>3,234,209</u>	<u>3,017,664</u>
TOTAL ASSETS	<u>\$ 49,938,206</u>	<u>\$ 50,977,843</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current Portion of Long-term Debt (Note 4)	\$ 897,292	\$ 532,214
Line of Credit (Note 3)	510,677	120,677
Accounts Payable	56,815	84,617
Accounts Payable - Development	101,634	-
Accrued Expenses	208,498	216,921
Accrued Interest	15,810	16,151
Refundable Advance - Current Portion (Note 11)	45,125	45,125
Security Deposits Held	352,508	253,896
Funds Held for Others	1,229	1,229
Prepaid Tenant Rents	36,799	20,358
Total Current Liabilities	<u>2,226,387</u>	<u>1,291,188</u>
LONG-TERM LIABILITIES		
Refundable Advance (Note 11)	641,250	686,375
Long-term Notes Payable - net		
of Current Portion (Note 4)	15,477,008	16,125,438
Deferred Interest Payable (Note 4)	275,209	219,032
Less Debt Issuance Costs	<u>(102,271)</u>	<u>(94,074)</u>
Total Long-term Debt	<u>16,291,196</u>	<u>16,936,771</u>
NET ASSETS (Note 2)		
Net Assets without Donor Restrictions:		
Non-Controlling	23,337,634	24,281,659
Controlling	5,977,011	6,424,418
Net Assets with Donor Restrictions:		
Restricted	545,945	483,774
Permanently Restricted - NeighborWorks	<u>1,560,033</u>	<u>1,560,033</u>
Total Net Assets	<u>31,420,623</u>	<u>32,749,884</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,938,206</u>	<u>\$ 50,977,843</u>

See accompanying notes to the financial statements.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended March 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	Change in Net Assets:			
	Without Donor Restrictions	With Donor Restrictions	2020	2019
PUBLIC SUPPORT AND REVENUE				
Contributions and Grants	\$ 394,147	\$ 144,453	\$ 538,600	\$ 704,065
Rental Income	3,690,786	-	3,690,786	3,579,858
Management Fees	518,704	-	518,704	557,634
Gain on Sale of Assets Held for Sale (Note 1)	57,183	-	57,183	-
Investment Income	39,345	-	39,345	17,270
Unrealized Gain (Loss) on Investments in Debt and Equity Securities - Mutual Fund	(245)	-	(245)	1,621
Fundraising	39,410	-	39,410	66,426
Resident Services Income	47,514	-	47,514	38,128
Income from Debt Forgiveness	-	-	-	5,387
Other Income	57,482	-	57,482	150,891
Total Operating Revenue	4,844,326	144,453	4,988,779	5,121,280
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Restrictions	82,282	(82,282)	-	-
TOTAL REVENUE AND SUPPORT	4,926,608	62,171	4,988,779	5,121,280
EXPENSES				
Program Expenses				
Housing Production	190,195	-	190,195	281,504
Home Buyer and Financial Success Center	1,001	-	1,001	4,163
Asset Management	129,880	-	129,880	163,697
Real Estate Owned	1,682,237	-	1,682,237	1,257,402
Property Stabilization	59	-	59	110
Predevelopment	-	-	-	39,167
LIHTC Real Estate Owned	2,625,458	-	2,625,458	2,921,096
Alliance Asset Management	983,593	-	983,593	1,214,664
Impact Development Advisors	12,270	-	12,270	8,085
Management and Fundraising Expenses				
Fundraising	150,997	-	150,997	142,345
General and Administrative	541,490	-	541,490	383,881
Total Expenses	6,317,180	-	6,317,180	6,416,114
INCREASE (DECREASE) IN NET ASSETS	\$ (1,390,572)	\$ 62,171	\$ (1,328,401)	\$ (1,294,834)

See accompanying notes to the financial statements.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	Program Services	Support Services		2020	2019
		Fundraising	General and Administrative		
Salaries and Wages	\$ 997,925	\$ 106,476	\$ 357,255	\$ 1,461,656	\$ 1,613,216
Payroll Taxes and Benefits	122,684	23,719	89,258	235,661	266,866
Training & Travel	74,005	1,226	5,518	80,749	89,530
Office	19,306	3,482	14,266	37,054	37,670
Dues and Subscriptions	805	259	1,530	2,594	4,744
Telephone	9,499	670	5,449	15,618	15,772
Fundraising Expense	386	126	14,206	14,718	25,754
Professional Fees	104,942	8,087	35,140	148,169	123,982
Interest Expense	450,848	2,564	9,584	462,996	543,644
Property Taxes	643,480	-	-	643,480	534,260
Insurance	243,763	1,273	4,758	249,794	226,997
Utilities	422,023	-	-	422,023	416,149
Repairs and Maintenance	705,907	-	-	705,907	570,624
Advertising	7,287	-	-	7,287	12,270
Housing Production Program	27	151	-	178	344
Communications/Advocacy	536	179	976	1,691	2,712
RD/Marketing Program	1,439	545	2,039	4,023	25,870
Depreciation and Amortization	1,474,583	404	1,511	1,476,498	1,478,299
Personnel Costs Management Company	29,016	-	-	29,016	133,979
Personnel Costs Management Company Non-direct	23,999	-	-	23,999	21,621
Asset Management Fees	19,501	-	-	19,501	19,420
Bad Debts	130,682	-	-	130,682	75,456
Other Administrative Expenses	102,308	-	-	102,308	119,336
Income Taxes	7,152	-	-	7,152	5,293
Miscellaneous	18,992	336	-	19,328	36,794
Occupancy Expense	13,598	-	-	13,598	12,902
Resident Services Coordinator	-	1,500	-	1,500	-
Restricted Collaboration Grant Expense	-	-	-	-	2,610
Total Expenses March 31, 2020	\$ 5,624,693	\$ 150,997	\$ 541,490	\$ 6,317,180	\$ 6,416,114
Percent of Total Expenses	89.0%	2.4%	8.6%	100.0%	
Total Expenses March 31, 2019	\$ 5,889,888	\$ 142,345	\$ 383,881	\$ 6,416,114	
Percent of Total Expenses	91.8%	2.2%	6.0%	100.0%	

See accompanying notes to the financial statements.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended March 31, 2020 and 2019

	Net Assets Controlling			Net Assets Non-Controlling	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total Net Assets
Net Assets March 31, 2018	\$ 4,736,324	\$ 2,043,427	\$ 6,779,751	\$ 20,164,850	\$ 26,944,601
Distributions	-	-	-	(3,119)	(3,119)
Capital Contributions	-	-	-	7,103,236	7,103,236
Net Increase (Decrease) in Net Assets	(235,135)	50,380	(184,755)	(1,110,079)	(1,294,834)
Transfer of Controlling Interest (Note 1)	1,873,229	-	1,873,229	(1,873,229)	-
Satisfaction of Restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets March 31, 2019	6,424,418	2,043,807	8,468,225	24,281,659	32,749,884
Distributions	-	-	-	(860)	(860)
Net Increase (Decrease) in Net Assets	<u>(447,407)</u>	<u>62,171</u>	<u>(385,236)</u>	<u>(943,165)</u>	<u>(1,328,401)</u>
Net Assets March 31, 2020	<u>\$ 5,977,011</u>	<u>\$ 2,105,978</u>	<u>\$ 8,082,989</u>	<u>\$ 23,337,634</u>	<u>\$ 31,420,623</u>

See accompanying notes to the financial statements.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	\$ (1,328,401)	\$ (1,294,834)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,476,498	1,478,299
Amortization of Debt Issuance Costs	4,452	4,454
Deferred Interest Expense	72,771	72,771
Net Gain on Sale of Assets Held for Sale	(57,183)	-
Net Unrealized Loss (Gain) on Investments in Debt and Equity Securities - Mutual Funds	245	(1,621)
Income from Debt Forgiveness	-	(5,387)
Changes in Operating Assets and Liabilities:		
Contributions and Grants Receivable	37,496	(9,984)
Tenant Rents and Other Receivables	(7,879)	17,469
Prepaid Expenses	(27,731)	(31,822)
Accounts Payable and Accrued Expenses	(12,454)	(18,853)
Refundable Advance	(45,125)	453,625
Prepaid Rents	16,441	(13,217)
Tenant Security Deposits Held	98,612	34,977
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>227,742</u>	<u>685,877</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of Property and Equipment, Projects in Process, and Assets Held for Sale	(1,201,733)	(1,803,474)
Proceeds from Sale of Assets Held for Sale	1,163,885	-
NET CASH USED BY INVESTING ACTIVITIES	<u>(37,848)</u>	<u>(1,803,474)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-term Debt	1,404,828	1,024,235
Net Proceeds (Repayment) of Line of Credit	390,000	(537,887)
Payment of Deferred Interest	(16,594)	(25,544)
Repayment of Long-term Debt	(1,688,180)	(5,745,873)
Payment of Deferred Fees	(12,649)	-
Partner Distributions	(860)	(3,119)
Partner Contributions	-	7,103,236
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>76,545</u>	<u>1,815,048</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	266,439	697,451
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	<u>3,820,525</u>	<u>3,123,074</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 4,086,964</u>	<u>\$ 3,820,525</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for:		
Interest (Net of capitalized interest of \$51,911 and \$72 in 2020 and 2019, respectively)	<u>\$ 386,114</u>	<u>\$ 466,695</u>
Income taxes	<u>\$ 7,152</u>	<u>\$ 5,293</u>

See accompanying notes to the financial statements.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities - Concord Area Trust for Community Housing, Inc. (CATCH Neighborhood Housing) is an award-winning, community-based, non-profit organization formed in 1989. CATCH was created to serve the needs of low to moderate income families within Merrimack County through the development, maintenance and operation of affordable homes. CATCH meets the needs of the communities it serves by constructing new affordable housing units and revitalizing existing housing in areas where quality affordable rental options are either limited, substandard, or non-existent. Since its inception in 1989, CATCH has developed 390 affordable homes. Today, its rental portfolio includes 349 affordable rental apartments that provide homes to over 700 adults and children, 24 market-rate apartments, as well as 7 commercial spaces.

CATCH offers a full spectrum of housing and education services in Merrimack County, including homebuyer education, financial fitness training, housing counseling and foreclosure assistance through HOMEteam NH, a collaborative effort with other state housing agencies. In June 2013, CATCH formed Alliance Asset Management, Inc., a non-profit property management organization that provides asset, financial and property management services for CATCH's rental portfolio and other organizations across the region.

CATCH's financial statements consolidate Impact Development Advisors, Inc. (IDA). While CATCH Neighborhood Housing is focused on providing housing solutions for individuals and families up to 80% of Area Median Income (AMI), New Hampshire suffers from a significant shortage of workforce housing solutions that serve households beyond 80% of AMI. In response, CATCH created IDA, a for-profit diversified real estate operating company that owns, develops, and constructs mixed-use, mixed-income developments to meet unserved needs. From individual properties to large community developments, IDA is uniquely positioned to offer a full scope of development, design, construction, management, and operations services both for its own account, and for others. Proceeds from IDA support CATCH's vision of communities where every person is confident of a home.

Basis of Consolidation - The accompanying consolidated financial statements include the accounts of CATCH Neighborhood Housing, Alliance Asset Management, Inc., Impact Development Advisors, Inc., its Real Estate Owned Subsidiaries, and its Low Income Housing Tax Credit Real Estate Subsidiaries (LIHTC). CATCH has full direct ownership of the Real Estate Owned properties and has effective control of the LIHTC properties. All significant inter-company transactions and balances are eliminated in consolidation. The LIHTC properties and wholly owned properties are consolidated based on financial information at December 31, their reporting year-end. Adjustments will be made if significant activity occurred subsequent to December 31 and prior to March 31. Adjustments were made on the financial statements to record significant activity that occurred on Impact Development Advisors, Inc. subsequent to December 31.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Real Estate Owned – Real Estate Owned is made up of the following properties:

Eastern Apartments, Inc., 1820 House Cooperative, Inc., and Three Bedroom Townhouses, Inc. are wholly owned corporations.

Eastman Street, Elm Street, Union Street, Perley Place, Endicott Hotel, South End 2000, 105 Loudon Road and Willow Crossing are all wholly owned by CATCH.

Low Income Housing Tax Credit Real Estate Subsidiaries - The following LIHTC Real Estate subsidiaries were formed to develop, maintain and operate affordable housing tax credit properties in New Hampshire and are consolidated into CATCH's financial statements:

Friedman Court I, LLC, where CATCH is the single member, which is a 0.01% general partner in Friedman Court I Limited Partnership (Concord).

Bruce Friedman Court II, LLC, where CATCH is the single member, which is a 0.01% general partner in Friedman Court II Limited Partnership (Concord).

Bow Crossing, LLC, where CATCH is the single member, which is a 0.01% general partner in Bow Vista Limited Partnership (Bow).

Bow Crossing II, LLC, where CATCH is the single member, which is a 0.01% general partner in Bow Vista II Limited Partnership (Bow).

Mennino Crossing, LLC, where CATCH is the single member, which is a 0.01% general partner in Mennino Place Limited Partnership (Concord).

Franklin L&P, LLC, where CATCH is the single member, which is a 0.01% general partner in Franklin Light and Power Limited Partnership (Franklin).

Non-Controlling Interest in Affiliates - The Non-Controlling Interest represents the limited partner interests in Low Income Housing Tax Credit Real Estate Subsidiaries which are included in the consolidated financials. During 2019, New Hampshire Housing Equity Fund 2002 LP, Merrimack County Savings Bank, and FNBC Leasing Corporation assigned their limited partner interests in Willow Crossing, LP to CATCH.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	10 - 40 years
Appliances	7 - 10 years
Furniture and Fixtures	5 - 7 years
Office Equipment	3 - 5 years

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and equipment consisted of the following at March 31, 2020:

	CATCH, Alliance & IDA	Real Estate Owned	LIHTC Real Estate Owned	Total Property and Equipment
Land and Improvements	\$ -	\$ 1,413,035	\$ 7,115,623	\$ 8,528,658
Buildings and Improvements	-	15,591,787	33,461,696	49,053,483
Equipment/Furniture	32,752	387,289	525,907	945,948
Accumulated Depreciation	(30,843)	(6,139,316)	(7,771,853)	(13,942,012)
Net Property and Equipment - 2020	<u>\$ 1,909</u>	<u>\$11,252,795</u>	<u>\$33,331,373</u>	<u>\$44,586,077</u>
Net Property and Equipment - 2019	<u>\$ 4,935</u>	<u>\$11,673,210</u>	<u>\$34,354,266</u>	<u>\$46,032,411</u>

Projects in process at March 31, 2020 consisted of Endicott; \$2,170 and Predevelopment (Penacook); \$115,278. Projects in process at March 31, 2019 consisted of Endicott; \$2,170 and Predevelopment (Penacook); \$5,000.

Assets held for sale is related to the entity IDA and is comprised of costs related to the development of homes (fourteen lots in total) that are being constructed to be sold. As of March 31, 2020, five of the lots had been sold resulting in a gain on sale of \$57,183.

Income Taxes - CATCH Neighborhood Housing is exempt from income tax liabilities under Section 501(c)(3) of the Internal Revenue Code.

Eastern Apartments, Inc., 1820 House Cooperative, Inc., Three Bedroom Townhouses, Inc. and Impact Development Advisors, Inc. are taxed as C Corporations.

No provision for Federal taxes on income is made on the LIHTC Real Estate properties since, as a partnership or limited liability company, all taxable income and losses are allocated to the partners or members for inclusion in their respective income tax returns.

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to material tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Corporation are subject to examination by the Internal Revenue Service for a period of three years. While no informational returns are currently being examined by the Internal Revenue Service, the three previous tax years remain open. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

A low income housing tax credit pursuant to Internal Revenue Code Section 42 has been allocated to the LIHTC properties. This credit is allocated to the partners for inclusion in their respective tax returns. Certain units must be maintained as a low income rental project to realize the tax credit. If these units are not low income, adverse tax consequences will occur.

CATCH complies with the Accounting for Uncertainty in Income Taxes standard, as required by generally accepted accounting principles (FASB ASC 740-10), which requires it to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of March 31, 2020, CATCH determined that there were no material unrecognized tax benefits or liabilities to report.

CATCH does not expect that the amounts of unrecognized tax transactions will change significantly within the next twelve months.

Development Fee Income - Development fees are received at several stages during a project's completion, including construction loan closing, permanent loan closing, lease up, and stabilization. The developer fees at these milestones are generally funded by third-parties as investor equity or project debts, and as such, are recorded as Development Fee revenue and capitalized to Property and Equipment. To the extent the investor equity or project debt does not cover the full developer fee, CATCH records a deferred developer fee, which is expected to be paid from ongoing property operations, primarily in the form of surplus cash. Any such payment of deferred developer fee from owned and affiliated properties constitutes a related party transaction and is eliminated in consolidation.

Cash - For the purposes of reporting cash flows, cash, cash equivalents and restricted cash includes cash on hand and amounts due from banks. Also, all investment securities with a maturity of three months or less are considered to be cash equivalents.

Investments - Investments consist of mutual funds and are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Compensated Absences - Employees of CATCH are entitled to paid vacation based on their length of employment. Employees are allowed to carry forward a maximum of 21 vacation days and are to be paid any accrued amounts upon termination of employment.

Other Assets - Tax credit fees are being amortized over fifteen years. Brokerage fees are being amortized over the term of the lease.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Accounts Receivable and Bad Debts - Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenant receivables consist of amounts due for rental income, charges for damages and cleaning fees. CATCH does not accrue interest on the tenant receivable balances.

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Revenue Recognition - CATCH recognizes net rental revenue in the period in which the rent is earned. Residential leases are for periods of up to one year and commercial leases are for periods of up to three years, with rent and associated payments due monthly. Payments collected in advance are deferred until the rental income is earned. Other revenue can include fees for late payment, damages, laundry, concessions, and other charges and is recorded when earned.

Advertising - CATCH expenses advertising costs as they incur.

Impairment of Long-Lived Assets - In accordance with the provisions of accounting for the impairment or disposal of long-lived assets, management reviews long-lived assets for impairments when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Contributions - Contributions are recognized when the donor makes a promise to give to CATCH that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as increases in restricted net assets depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified as unrestricted net assets.

Functional Allocation of Expenses - The costs of providing various programs and supporting activities have been summarized on a functional basis in the statement of activities and the supplementary information to the financial statements. Accordingly, certain costs have been allocated between the programs and supporting services based on estimated personnel time and space utilized for the related activity.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Debt Issuance Costs – Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the term of the debt using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the statement of financial position.

Subsequent Events - Subsequent events have been evaluated through July 30, 2020, the date the financial statements were available to be issued.

NOTE 2 - CLASSIFICATION OF NET ASSETS

Net assets of CATCH are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes net assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Net assets subject to usage limitations based on donor-imposed or grantor restrictions. These net assets will be released from the imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donor. Certain restrictions may need to be maintained in perpetuity.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 2 - CLASSIFICATION OF NET ASSETS (Continued)

At March 31, 2020 and 2019, net assets with donor restrictions included:

	<u>2020</u>	<u>2019</u>
Community Development Finance Authority (CDFA) Grant Funds	\$ 192,000	\$ 224,000
Loudon Road Capital Campaign Funds	160,409	147,456
Unused Resident Services Coordinator Grant Funds	47,161	57,500
Unused Capital Improvement Grant Funds (Three Bedroom Townhouses)	71,557	-
Unused IT Grant Funds	20,000	-
Unused NHHFA - Collaboration Grant Funds	22,390	22,390
Capital Funding for the Rehabilitation of Affordable Housing (CFRAH) Funds	22,428	22,428
General Public Contributions	10,000	10,000
Total	<u>\$ 545,945</u>	<u>\$ 483,774</u>

NeighborWorks America provides grants and revolving loan funds that have been used for the acquisition and improvement of real estate properties. At March 31, 2020 and 2019, net assets with donor restrictions (permanent) provided by NeighborWorks America consisted of the following:

	<u>2020</u>	<u>2019</u>
General Partner Loan to South End 2000, LP	\$ 63,743	\$ 63,743
General Partner Loan to Willow Crossing, LP	120,000	120,000
General Partner Loan to Mennino Place	52,436	52,436
Funding for Friedman Court I Development	225,018	225,018
Funding for Friedman Court II Development	411,982	411,982
Funding for Mennino Place Development	305,000	305,000
Funding for Bow Phase II Development	130,000	130,000
Funding for Three Bedroom Townhouses Development	201,854	201,854
Funding for Franklin Mills Development	25,000	25,000
Funding for Loudon Road Development	25,000	25,000
Total	<u>\$ 1,560,033</u>	<u>\$ 1,560,033</u>

NOTE 3 - LINE OF CREDIT

CATCH has an operating line of credit from Merrimack County Savings Bank for \$1,000,000 with interest at the Wall Street Journal Prime rate (3.25% at March 31, 2020). Any accrued unpaid interest is due monthly, with outstanding principal due upon lender's demand. The balances as of March 31, 2020 and 2019 were \$510,677 and \$120,677, respectively.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LINE OF CREDIT (Continued)

During 2019, CATCH renewed a line of credit from TD Bank for \$1,000,000 for three additional years, with a variable interest rate equal to the 1-month LIBOR plus 1.5% (2.5% at March 31, 2020). The line of credit is to be used for the purchase and development of qualified properties. Interest only payments are due monthly with outstanding principal due upon sale or maturity, September 6, 2022. There was no balance on the line of credit as of March 31, 2020 and 2019.

NOTE 4 - LONG-TERM DEBT

Long-term debt consisted of the following:

	<u>2020</u>	<u>2019</u>
Note Payable - Merrimack County Savings Bank, with interest at 6.61%, principal and interest due in monthly payments of \$1,316 until November 2025 (1820 House, Elm Street, and Eastman Street).	\$ 75,316	\$ 85,754
Note Payable - New Hampshire Housing Finance Authority (NHHFA), non-interest bearing, principal payable annually as an application of gross revenues, equal to 25% of surplus cash (18 Union Street).	227,162	229,235
Note Payable - NHHFA, with interest at 3%, principal and interest due in monthly payments of \$522 until November 2030 (18 Union Street).	55,194	59,726
Note Payable - NHHFA, with interest at 3%, principal and interest due in monthly payments of \$1,521 until August 2030 (Eastern Apartments, Inc.).	165,379	178,464
Note Payable - NHHFA, non-interest bearing, principal deferred until August 2041, secured by real estate (Eastern Apartments, Inc.).	172,956	172,956
Note Payable - Merrimack County Savings Bank, with interest at 4.29%, principal and interest due in monthly payments of \$5,443 until September 2033 (Three Bedroom Townhouses, Inc.).	681,417	713,811
Note Payable - NHHFA, non-interest bearing, principal deferred until December 2026 (Perley Street).	147,500	147,500

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 4 - LONG-TERM DEBT (Continued)

	2020	2019
Note Payable - NHHFA, with interest at 5.75%, principal and interest due in monthly payments of \$963 until July 2028 (Perley Street).	78,148	84,979
Note Payable - NHHFA, with interest at 3%, principal and interest due in monthly payments of \$783 until June 2041 (South End 2000).	147,106	152,013
Note Payable - NHHFA, non-interest bearing, principal payable annually equal to 25% of surplus cash. The note balance is due in full in May 2041 (South End 2000).	401,945	405,358
Note Payable - City of Concord, non-interest bearing, principal is deferred until May 2020 (South End 2000).	230,250	230,250
Note Payable - NHHFA, with interest at 6.5%, principal and interest due in monthly payments of \$1,751 until February 2034 (Willow Crossing).	185,659	194,298
Note Payable - NHHFA, non-interest bearing, principal payable annually equal to 25% of surplus cash. The note balance is due in full in July 2032 (Willow Crossing).	132,512	135,417
Note Payable - Merrimack County Savings Bank, with interest at 7.29%, principal and interest due in monthly payments of \$2,603 until December 2023 (Willow Crossing).	271,959	282,925
Note Payable - Citizens Bank, with variable interest, capped at 7% (4.75% at December 31, 2019), principal and interest due in monthly payments of \$2,715 until September 21, 2032 when all unpaid principal and interest are due (Friedman Court II).	328,632	343,095
Note Payable - NHHFA, with interest at 4.9%, principal payable annually equal to 50% of surplus cash. The note balance is due in full in April 2037 (Friedman Court II).	650,000	650,000
Note Payable - City of Concord, non-recourse, non-interest bearing, principal is deferred until September 2027 (Friedman Court II).	475,000	475,000
Note Payable - Eastern Bank, with interest at 7%, principal and interest due in monthly payments of \$1,605 until February 2035 (Bow Highlands).	184,321	190,266

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 4 - LONG-TERM DEBT (Continued)

	<u>2020</u>	<u>2019</u>
Note Payable - NHHFA, non-interest bearing, principal payable annually equal to 50% of surplus cash. The note balance is due in full in April 2040 (Bow Highlands).	2,257,309	2,266,246
Note Payable - NHHFA, non-interest bearing, principal payable annually equal to 50% of surplus cash. The note balance is due in full in April 2040 (Mennino Place).	1,307,121	1,325,118
Note Payable - Merrimack County Savings Bank, with interest at 6.66%, principal and interest due in monthly payments of \$5,527 until November 2031 (Mennino Place).	762,339	782,688
Note Payable - Harry Shapiro & Sons, with interest at 3.5%, interest due in monthly payments of \$1,021 until June 2021 when the unpaid principal and interest is due (Endicott Hotel).	350,000	350,000
Note Payable - Northway Bank, monthly principal and interest payments of \$8,924, with interest at a rate of 4.47% until June 19, 2022 when the rate shall change to 2.25% per annum above the FHLBB Five Year Regular Classic Advance Rate. Monthly payments of principal and interest through June 19, 2027, when a final balloon payment of principal and accrued interest will be due (Endicott Hotel).	1,497,930	1,536,006
Note Payable - Northway Bank, with interest at 5.86%, principal and interest due in monthly payments of \$641 until August 2023 (Endicott Hotel).	85,962	88,451
Note Payable - City of Concord, with interest at a rate of 5% per annum, principal and interest due in monthly payments of \$877. Due in full in April 2028 (Endicott Hotel).	80,695	87,010
Note Payable - Northway Bank, with interest at 4.5%, principal and interest due in monthly payments of \$747 until July 2022 (Endicott Hotel).	21,125	28,927
Note Payable - Citizens Bank, with variable interest, capped at 6% (4.75% at December 31, 2019), principal and interest due in monthly payments of \$3,025 until December 2037 (Friedman Court I).	475,474	494,917

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 4 - LONG-TERM DEBT (Continued)

	<u>2020</u>	<u>2019</u>
Note Payable - NHHFA, with interest at 4.79%, principal payable annually equal to 50% of surplus cash. The note balance is due in full in April 2036 (Friedman Court I).	854,301	854,301
Note Payable – Merrimack County Savings Bank, bearing interest at 6% per annum with monthly payments of principal and interest of \$1,933 until June 2035, when all unpaid principal and interest are due, secured by real estate (Bow II).	274,202	280,731
Note Payable - NHHFA, non-interest bearing, payable annually from 50% of surplus cash, due and payable on June 12, 2044 (Bow II).	454,978	458,000
Note Payable - Merrimack County Savings Bank, bearing interest at a rate of 4.25% for five years, then adjusting to the FHLBB 5/20 Amortizing Rate plus 2%. Monthly payments of principal and interest in the amount of \$4,369 through May 12, 2046, when all unpaid principal and interest are due in full, secured by mortgage and real estate (Loudon Road).	803,893	821,645
Note Payable - Northern New England Housing Investment Fund, with interest at a rate of 2% per annum. Interest only payments were due in quarterly installments until March 2020, when the note was paid in full (Loudon Road).	-	300,000
Note Payable – The Genesis Fund, with interest at a rate of 5.4% per annum. Monthly payments of principal and interest in the amount of \$2,047 through May 12, 2046, when all unpaid principal and interest are due in full, secured by mortgage and assignment of leases and rents (Loudon Road).	300,000	-
Note Payable - NHHFA (AHF), non-interest bearing, principal payable annually equal to 50% of surplus cash. The note balance is due in full in October 2046 (Franklin).	300,000	300,000
Note Payable - NHHFA (HOME), non-interest bearing, principal payable annually equal to 50% of surplus cash, after payment in full of the NHHFA AHF Note. The note balance is due in full in October 2046 (Franklin).	1,100,000	1,100,000

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 4 - LONG-TERM DEBT (Continued)

	2020	2019
<p>Note Payable - Franklin Savings Bank, with interest at a variable rate, as defined in the promissory note, not to be higher than 3.5%. Interest only payments were due until permanent loan closing (June 2018), at which time the note converted to permanent financing with a principal balance of \$200,000. The permanent note shall bear interest at a rate of 3.8% per annum for a period of twenty years, at which time the interest will adjust to the CDA Rate, as defined in the promissory note, plus 1.25%, for an additional ten years. Monthly payments of principal and interest shall be due over the thirty year permanent term of the note, with a final balloon payment of all remaining principal and interest due thirty years from the conversion to permanent financing date (Franklin).</p>	194,786	200,000
<p>Note Payable - St. Mary's Bank, with an available balance totaling \$323,050, with interest at the Wall Street Journal Prime Rate plus .25%, floating daily (3.5% at March 31, 2020). Principal payments of \$36,000 shall be required upon the closing of the sale of a home as well as monthly payments of accrued interest in arrears until December 13, 2020, when all unpaid principal and interest is due (Impact Development Advisors, Inc.).</p>	143,050	323,050
<p>Note Payable - New Hampshire Community Loan Fund, with an available balance totaling \$200,000, accruing interest at a rate of 6.50%. Interest only payments shall be due monthly until December 15, 2020, when all unpaid principal and interest is due. Principal payments are to be made from the net proceeds from the sale of each home built (Impact Development Advisors, Inc.).</p>	97,929	200,000
<p>Note Payable - St. Mary's Bank, with an available balance totaling \$550,000, increased to \$800,000 during 2020, with interest at the Wall Street Journal Prime Rate plus .25%, floating daily (3.5% at March 31, 2020). Interest only payments shall be due monthly until maturity, December 13, 2020. In addition, payments of principal and interest shall be due and payable at maturity or upon sale of a home for amounts related to the development costs of the homes sold. (Impact Development Advisors, Inc.).</p>	402,750	129,515
	\$16,374,300	\$16,657,652

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 4 - LONG-TERM DEBT (Continued)

At March 31, 2020 and 2019, deferred interest payable to NHHFA totaled \$275,209 and \$219,032, respectively.

Aggregate maturities of long-term debt are as follows:

2021	\$ 897,292
2022	266,639
2023	262,454
2024	486,362
2025	337,252
Thereafter	<u>14,124,301</u>
Total	<u>\$16,374,300</u>

Subsequent to year-end, CATCH refinanced all Endicott loans noted above into one loan with Northway Bank in the amount of \$2,087,219, with interest fixed at 4.5% per annum. Principal and interest are due in monthly payments of \$11,601 until May 2025 when the unpaid principal and accrued interest will be due.

NOTE 5 - OTHER ASSETS

The other assets at March 31, 2020 and 2019 consisted of:

	<u>2020</u>	<u>2019</u>
Tax Credit Fees	\$ 368,155	\$ 385,155
Brokerage Fees	9,974	9,974
	<u>378,129</u>	<u>395,129</u>
Less Accumulated Amortization	<u>203,161</u>	<u>195,287</u>
	<u>\$ 174,968</u>	<u>\$ 199,842</u>

NOTE 6 - COMMITMENTS

CATCH has entered into agreements with the New Hampshire Housing Finance Authority to escrow reserves for several of its properties. CATCH also self-funds reserves for its owned real estate properties. Reserves held at March 31, 2020 and 2019 were as follows:

	CATCH Self-Funded Reserves	Restricted Funds	Total Reserves
Tax and Insurance	\$ 26,208	\$ 200,758	\$ 226,966
Residual Receipts	-	27,478	27,478
Special Purpose Reserves	-	89,424	89,424
Operating Reserves	-	951,814	951,814
Replacement Reserves	46,879	897,267	944,146
Total - 2020	<u>\$ 73,087</u>	<u>\$2,166,741</u>	<u>\$ 2,239,828</u>
Total - 2019	<u>\$ 41,233</u>	<u>\$2,110,756</u>	<u>\$ 2,151,989</u>

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 7 - INTERFUND ACCOUNTS AND TRANSFERS

CATCH, through its regulatory agreements, is allowed to earn a sponsor fee and stabilization fee on its Real Estate Owned properties. The revenue and expenses that result from these transactions totaled \$39,597 and \$24,809 for the years ended March 31, 2020 and 2019, respectively, and are eliminated during the consolidation. Additionally, CATCH, through its partnership agreements, is allowed to earn incentive and partnership management fees on its LIHTC properties. The revenue and expenses that result from these transactions totaled \$7,761 and \$16,302 for the years ended March 31, 2020 and 2019, respectively, and are eliminated during the consolidation.

CATCH has entered into a management contract with Alliance Asset Management, Inc. (Alliance), related by common boards. Alliance receives management fees based on two components, a per-unit monthly charge and an amount equal to that of portfolio salary usage. During 2020 and 2019, management fees totaling \$579,871 and \$585,372, respectively, were eliminated during consolidation at year end. Alliance also performs resident service coordinator services on behalf of CATCH. Services performed totaled \$45,339 and \$98,432 in 2020 and 2019, respectively, and were eliminated during consolidation.

CATCH performs administrative support duties on behalf of the CATCH owned properties, including Alliance and IDA. Administrative support costs in the amount of \$337,207 and \$234,302 were allocated to the properties, Alliance, and IDA during 2020 and 2019, respectively, and were eliminated during consolidation at year-end.

CATCH has both invested in and loaned money to its Real Estate Owned and LIHTC Real Estate Owned properties. The investments, loans and related interest of \$3,603,520 and \$3,547,941 are also eliminated during consolidation at March 31, 2020 and 2019, respectively.

Various other related party transactions have also been eliminated at consolidation.

NOTE 8 - RETIREMENT PLAN

CATCH has sponsored a retirement plan for its employees and contributes to the plan an amount determined annually by the Board of Directors. All employees are eligible to participate in the plan upon commencement of employment. Employer contributions commence six months after continuous employment has been achieved. CATCH contributed \$5,357 and \$26,095 in the years ended March 31, 2020 and 2019, respectively.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 9 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject CATCH to a concentration of credit risk consist of checking, savings accounts, and trust accounts with banks. As of March 31, 2020, CATCH had cash on deposit with banks of \$4,197,527. Of this amount, \$3,397,826, was insured by the FDIC or invested in government securities, and \$799,701 remained uninsured.

NOTE 10 - COMMERCIAL LEASES

Endicott Hotel leases various commercial spaces to tenants under operating leases. Commercial lease income during March 31, 2020 and 2019 was \$100,352 and \$97,541, respectively. Future minimum rentals pursuant to these commercial lease agreements are as follows:

2021	\$ 103,968
2022	84,658
2023	65,063
2024	26,036
2025	-
Total	<u>\$ 279,725</u>

NOTE 11 - REFUNDABLE ADVANCE

During 2019, CATCH was awarded a Community Development Block Grant (CDBG) from the City of Franklin in the amount of \$475,000 related to the development of Franklin Mill. Pursuant to ASU 2018-08, the grant is to be recorded as a refundable advance and grant income will be recognized over a period of twenty years (5% per year), beginning in 2020. During 2020, CATCH recognized \$23,750 in grant income and the balance of the refundable advance totaled \$451,250 and \$475,000 as of March 31, 2020 and 2019. CATCH loaned the funds to Franklin Light and Power, Limited Partnership. The related note payable and receivable were eliminated during consolidation.

Previously, CATCH was awarded a CDBG Grant from the City of Concord in the amount of \$427,500 related to the development of Mennino Place. Pursuant to ASU 2018-08, the grant is to be recorded as a refundable advance and grant income will be recognized over a period of twenty years (5% per year). During both 2020 and 2019, CATCH recognized \$21,375 in grant income and the balance of the refundable advance totaled \$235,125 and \$256,500 as of March 31, 2020 and 2019. CATCH loaned the funds to Mennino Place, Limited Partnership. The related note payable and receivable were eliminated during consolidation.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 12 - CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following provides a reconciliation of cash, cash equivalents and restricted cash reported within the Balance Sheet that sum to the total of the same such amounts shown in the Statements of Cash Flows.

	<u>2020</u>	<u>2019</u>
Project Operations Account	\$ 1,179,686	\$ 1,318,568
Development Cash	415,037	90,824
Tax and Insurance Escrows	226,966	230,747
Replacement Reserve	944,146	790,900
Operating Reserve	951,814	935,812
Flexible Purpose Reserve	89,424	168,241
Residual Receipts Reserve	27,478	26,289
Tenant Security Deposits	<u>252,413</u>	<u>259,144</u>
Total Cash, Cash Equivalents and Restricted Cash Accounts	<u>\$ 4,086,964</u>	<u>\$ 3,820,525</u>

NOTE 13 - ADOPTION OF ACCOUNTING PRONOUNCEMENTS

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2018. Any adjustments must be reflected as of the beginning of the fiscal year.

CATCH adopted ASU 2016-18 effective April 1, 2019, which resulted in the following changes to the balances that were previously reported for the year ended March 31, 2019: a decrease of \$955 in net cash flows provided by operating activities, an increase of \$202,801 in net cash flows provided by investing activities, an increase of \$201,846 in net cash flows for the year and an increase in cash of \$2,411,133 at the end of the year from what was previously reported for the year ended March 31, 2019.

In January 2016, the FASB issued ASU 2016-01 Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The standard is intended to improve the recognition, measurement, presentation and disclosure of financial instruments. Among other changes, there will no longer be an available-for-sale classification for which changes in fair value are currently reported in other comprehensive income for equity securities with readily determinable fair values. Equity investments with readily determinable fair values will be measured at fair value with changes in fair value recognized in net income. The new standard is effective for annual reporting periods beginning after December 15, 2018.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 13 - ADOPTION OF ACCOUNTING PRONOUNCEMENTS (Continued)

CATCH adopted ASU 2016-01 effective April 1, 2019 retrospectively with the cumulative effect of initially applying the Update recognized on the date of initial application. The adoption of this Update did not result in an adjustment to the opening net assets or any other account balance and no account has been affected in the current period by the application of the guidance.

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

CATCH's working capital and cash flows are derived from monthly revenue consisting mostly of rental revenue. CATCH is regulated by entities including HUD and NHHFA. The following reflects CATCH's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor or contractual restrictions within one year of the statement of financial position date. Amounts not available include cash with donor restrictions and amounts set-aside for long-term investing in capital reserves that could be drawn upon if approved by HUD or NHHFA.

CATCH has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CATCH manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. As more fully described in Note 3, CATCH also has a committed line of credit with Merrimack County Savings Bank in the amount of \$1,000,000, with available funds of \$489,323 and \$579,323 as of March 31, 2020 and 2019, respectively, which it could draw upon in the event of an unanticipated liquidity need. The line of credit from TD Bank is not available for operating needs and is therefore not available to draw upon in the event of an unanticipated liquidity need.

	<u>2020</u>	<u>2019</u>
Cash **	\$ 1,594,723	\$ 1,409,392
Self-Funded and Restricted Reserves	2,239,828	2,151,989
Investments	14,982	15,227
Accounts Receivable	<u>74,722</u>	<u>66,843</u>
Total Financial Assets	3,924,255	3,643,451
Contractual (Regulatory) Restrictions:		
Cash with Donor Restrictions:	(196,565)	(99,750)
Restricted Reserves:	<u>(2,166,741)</u>	<u>(2,110,756)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,560,949</u>	<u>\$ 1,432,945</u>

**Included in Cash is LIHTC held funds in the amount of \$500,249 and \$739,012 for 2020 and 2019, respectively.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 15 - METHODS USED FOR ALLOCATION OF COSTS AMONG PROGRAM AND SUPPORT FUNCTIONS

The financial statements of CATCH report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, rent expense, and other administrative expenses. Salaries and benefits and other administrative expenses are allocated on the basis of time and effort studies. Rent expense is allocated based on square footage.

NOTE 16 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

CATCH's primary assets are multiple subsidized housing projects referenced in Note 1. CATCH operates in a heavily regulated environment. The operations of CATCH are subject to the administrative directives of federal, state and local agencies, including but not limited to HUD and NHHFA. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the agencies or other situation. Such changes may occur with little notice or with inadequate funding to pay for the related cost, including the additional burden to comply with the change.

NOTE 17 - SUBSEQUENT EVENTS

On March 13, 2020, a national emergency was declared in the United States as a result of the novel coronavirus pandemic. This public health crisis has had significant and wide-ranging effects on the United States economy and is expected to continue for some time. This has not had an immediate impact on CATCH's operations. While management is actively assessing the impact of this evolving situation on its operations and financial position, the potential future financial effect is indeterminable at this time. Management has ascertained additional financing to ensure that they will be able to maintain operations. Subsequent to year-end, CATCH received funding from the Small Business Administration in the form of a Paycheck Protection Program Loan (PPPL) in the amount of \$305,400 and an Economic Injury Disaster Loan (EIDL) in the amount of \$149,900. The interest rate on the PPPL is 1%, payments are deferred for six months, and the principal and accrued interest are fully forgivable if management uses the funds for covered payroll costs. Management expects to have the funds fully forgiven. The interest rate on the EIDL is 2.5% and matures in 30 years.

SUPPLEMENTARY INFORMATION

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

For the Year Ended March 31, 2020

(With summarized financial information for the year ended March 31, 2019)

ASSETS

	Operating	Portfolio Stabilization	Predevelopment	Real Estate Owned	LIHTC Real Estate Owned	Alliance Asset Management	Impact Development Advisors	Eliminations	2020	2019
CURRENT ASSETS										
Cash and Cash Equivalents:										
Without Donor Restrictions	\$ 66,848	\$ 583	\$ 344,142	\$ 195,099	\$ 500,249	\$ 35,568	\$ 255,669	\$ -	\$ 1,398,158	\$ 1,309,642
With Donor Restrictions	161,108	-	35,457	-	-	-	-	-	196,565	99,750
Contributions and Grants Receivable	20,000	-	24,496	-	-	-	-	-	44,496	68,554
Tenant Rents Receivable	-	-	-	15,293	36,775	-	-	-	52,068	32,950
Other Receivable	-	-	-	-	280	19,774	2,600	-	22,654	33,893
Tenant Security Deposits	-	-	-	102,982	148,531	900	-	-	252,413	259,144
Notes Receivable - Interfund	-	683,291	2,304,693	-	-	-	-	(2,987,984)	-	-
Prepaid Expenses	14,878	-	-	51,548	68,235	11,352	5,553	-	151,566	123,835
Total Current Assets	262,834	683,874	2,708,788	364,922	754,070	67,594	263,822	(2,987,984)	2,117,920	1,927,768
PROPERTY AND EQUIPMENT, net	880	-	-	11,700,795	33,331,373	1,029	-	(448,000)	44,586,077	46,032,411
OTHER ASSETS										
Investments	-	102,119	64,982	-	-	-	-	(152,119)	14,982	15,227
Stabilization Fees Receivable	-	2,500	-	-	-	-	-	(2,500)	-	-
Sponsor Fees Receivable	81,251	-	-	-	-	-	-	(81,251)	-	-
Development Fees Receivable	448,000	-	-	-	-	-	-	(448,000)	-	-
Due from - Interfund	525,203	204,300	119,786	361,168	-	3,027	-	(1,213,484)	-	-
Deferred Interest Receivable - Interfund	619,536	-	-	-	-	-	-	(619,536)	-	-
Projects in Process	-	-	115,278	2,170	-	-	-	-	117,448	7,170
Assets Held for Sale	-	-	-	-	-	-	667,457	-	667,457	610,472
Cash Reserves and Escrows	-	46,879	-	505,290	1,687,659	-	-	-	2,239,828	2,151,989
Contributions and Grants Receivable - Long-term	-	-	19,526	-	-	-	-	-	19,526	32,964
Other Assets	-	-	-	-	174,968	-	-	-	174,968	199,842
Total Other Assets	1,673,990	355,798	319,572	868,628	1,862,627	3,027	667,457	(2,516,890)	3,234,209	3,017,664
TOTAL ASSETS	\$ 1,937,704	\$ 1,039,672	\$ 3,028,360	\$ 12,934,345	\$ 35,948,070	\$ 71,650	\$ 931,279	\$ (5,952,874)	\$ 49,938,206	\$ 50,977,843

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES										
Current Portion of Long-term Debt	\$ -	\$ -	\$ -	\$ 185,430	\$ 68,133	\$ -	\$ 643,729	\$ -	\$ 897,292	\$ 532,214
Line of Credit	510,677	-	-	-	-	-	-	-	510,677	120,677
Accounts Payable	2,680	-	-	18,704	33,853	3,097	-	(1,519)	56,815	84,617
Accounts Payable - Development	-	-	1,001	-	-	-	100,633	-	101,634	-
Accrued Expenses	84,835	-	-	30,220	64,231	34,323	-	(5,111)	208,498	216,921
Accrued Sponsor Fee	-	-	-	69,769	6,371	-	-	(76,140)	-	-
Accrued Interest	-	-	-	11,086	4,724	-	-	-	15,810	16,151
Refundable Advance - Current Portion	-	-	45,125	-	-	-	-	-	45,125	45,125
Due to - Interfund	435,000	166,608	43,739	74,757	17,000	334,853	146,508	(1,218,465)	-	-
Development Fees Payable	-	-	-	448,000	-	-	-	(448,000)	-	-
Security Deposits Held	-	-	-	102,815	150,174	-	99,519	-	352,508	253,896
Funds Held for Others	1,229	-	-	-	-	-	-	-	1,229	1,229
Prepaid Tenant Rents	-	-	-	27,854	8,945	-	-	-	36,799	20,358
Total Current Liabilities	1,034,421	166,608	89,865	968,635	353,431	372,273	990,389	(1,749,235)	2,226,387	1,291,188
LONG-TERM LIABILITIES										
Refundable Advance	-	-	641,250	-	-	-	-	-	641,250	686,375
Long-term Notes Payable - Net of										
Current Portion	-	172,956	-	5,753,722	9,550,330	-	-	-	15,477,008	16,125,438
Deferred Interest Payable	-	-	-	-	275,209	-	-	-	275,209	219,032
Notes Payable - Interfund	-	-	-	928,034	2,055,950	-	-	(2,983,984)	-	-
Deferred Interest Payable - Interfund	-	-	-	88,628	530,908	-	-	(619,536)	-	-
Less Debt Issuance Costs	-	-	-	(27,413)	(74,858)	-	-	-	(102,271)	(94,074)
Total Long-term Debt	-	172,956	641,250	6,742,971	12,337,539	-	-	(3,603,520)	16,291,196	16,936,771
NET ASSETS										
Net Assets without Donor Restrictions:										
Non-Controlling	-	-	-	-	23,337,634	-	-	-	23,337,634	24,281,659
Controlling	742,175	475,826	793,657	5,005,739	(80,534)	(300,623)	(59,110)	(600,119)	5,977,011	6,424,418
Net Assets with Donor Restrictions:										
Restricted	161,108	22,428	170,409	192,000	-	-	-	-	545,945	483,774
Permanently Restricted - NeighborWorks	-	201,854	1,333,179	25,000	-	-	-	-	1,560,033	1,560,033
Total Net Assets	903,283	700,108	2,297,245	5,222,739	23,257,100	(300,623)	(59,110)	(600,119)	31,420,623	32,749,884
TOTAL LIABILITIES AND NET ASSETS	\$ 1,937,704	\$ 1,039,672	\$ 3,028,360	\$ 12,934,345	\$ 35,948,070	\$ 71,650	\$ 931,279	\$ (5,952,874)	\$ 49,938,206	\$ 50,977,843

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended March 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	Operating	Portfolio Stabilization	Predevelopment	Real Estate Owned	LIHTC Real Estate Owned	Alliance Asset Management	Impact Development Advisors	Eliminations	Change in Net Assets		2020 Total	2019 Total
									Without Donor Restrictions	With Donor Restrictions		
PUBLIC SUPPORT AND REVENUE												
Contributions and Grants	\$ 405,025	\$ -	\$ 133,225	\$ -	\$ -	\$ 350	\$ -	\$ -	\$ 394,147	\$ 144,453	\$ 538,600	\$ 704,065
Rental Income	-	-	-	1,640,077	2,141,510	-	-	(90,801)	3,690,786	-	3,690,786	3,579,858
Management Fees	-	-	-	-	-	1,098,575	-	(579,871)	518,704	-	518,704	557,634
Incentive Fees	47,358	-	-	-	-	-	-	(47,358)	-	-	-	-
Gain on Sale of Assets Held for Sale	-	-	-	-	-	-	57,183	-	57,183	-	57,183	-
Investment Income	97,689	144	2	8,648	30,551	-	-	(97,689)	39,345	-	39,345	17,270
Unrealized Gain (Loss) on Investments in Debt and Equity Securities - Mutual Fund	-	-	(245)	-	-	-	-	-	(245)	-	(245)	1,621
Fundraising	39,410	-	-	-	-	-	-	-	39,410	-	39,410	66,426
Contracted Resident Services Income	-	-	-	-	-	45,339	-	(45,339)	-	-	-	-
Resident Services Income	-	-	-	-	-	111,949	-	(64,435)	47,514	-	47,514	38,128
Income (Expense) from Debt Forgiveness	-	-	-	-	-	-	-	-	-	-	-	5,387
Other Income	340,791	-	-	25,297	31,325	4,577	570	(345,078)	57,482	-	57,482	150,891
Total Operating Revenue	930,273	144	132,982	1,674,022	2,203,386	1,260,790	57,753	(1,270,571)	4,844,326	144,453	4,988,779	5,121,280
NET ASSETS RELEASED FROM RESTRICTIONS												
Satisfaction of Restrictions	-	-	-	-	-	-	-	-	82,282	(82,282)	-	-
TOTAL REVENUE AND SUPPORT	930,273	144	132,982	1,674,022	2,203,386	1,260,790	57,753	(1,270,571)	4,926,608	62,171	4,988,779	5,121,280
EXPENSES												
Program Expenses												
Housing Production	195,142	-	-	-	-	-	-	(4,947)	190,195	-	190,195	281,504
Home Buyer and Financial Success Program	15,550	-	-	-	-	-	-	(14,549)	1,001	-	1,001	4,163
Asset Management	134,626	-	-	-	-	-	-	(4,746)	129,880	-	129,880	163,697
Real Estate Owned	-	-	-	1,923,620	-	-	-	(241,383)	1,682,237	-	1,682,237	1,257,402
LIHTC Real Estate Owned	-	-	-	-	3,146,644	-	-	(521,186)	2,625,458	-	2,625,458	2,921,096
Portfolio Stabilization	-	59	-	-	-	-	-	-	59	-	59	110
Predevelopment	-	-	-	-	-	-	-	-	-	-	-	39,167
Alliance Asset Management	-	-	-	-	-	1,250,594	-	(267,001)	983,593	-	983,593	1,214,664
Impact Development Advisors	-	-	-	-	-	-	129,476	(117,206)	12,270	-	12,270	8,085
Management and Fundraising Expenses												
Fundraising	205,557	-	-	-	-	-	-	(54,560)	150,997	-	150,997	142,345
General and Administrative	563,142	-	-	-	-	-	-	(21,652)	541,490	-	541,490	383,881
Total Expenses	1,114,017	59	-	1,923,620	3,146,644	1,250,594	129,476	(1,247,230)	6,317,180	-	6,317,180	6,416,114
INCREASE (DECREASE) IN NET ASSETS	(183,744)	85	132,982	(249,598)	(943,258)	10,196	(71,723)	(23,341)	(1,390,572)	62,171	(1,328,401)	(1,294,834)
Distributions	-	-	-	(23,341)	(860)	-	-	23,341	(860)	-	(860)	(3,119)
Contributions	-	-	-	-	-	-	-	-	-	-	-	7,103,236
TOTAL CHANGE IN NET ASSETS	\$ (183,744)	\$ 85	\$ 132,982	\$ (272,939)	\$ (944,118)	\$ 10,196	\$ (71,723)	\$ -	\$ (1,391,432)	\$ 62,171	\$ (1,329,261)	\$ 5,805,283

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	PROGRAM SERVICES										SUPPORT SERVICES						2020 Total	2019 Total	
	Housing Production	Home Buyer Education Center	Asset Management	Real Estate Owned	LIHTC Real Estate Owned	Portfolio Stabilization	Predevelopment	Alliance Asset Management	Impact Development Advisors	Eliminations	Total	Fundraising	Eliminations	Total	General and Administrative	Eliminations			Total
Salaries and Wages	\$ 148,759	\$ -	\$ 97,072	\$ -	\$ -	\$ -	\$ -	\$ 752,094	\$ 117,206	\$ (117,206)	\$ 997,925	\$ 106,476	\$ -	\$ 106,476	\$ 357,255	\$ -	\$ 357,255	\$ 1,461,656	\$ 1,613,216
Payroll Taxes and Benefits	25,919	-	20,306	-	-	-	-	76,459	-	-	122,684	23,719	-	23,719	89,258	-	89,258	235,661	266,866
Training and Travel	2,597	-	172	-	-	-	-	71,236	-	-	74,005	1,226	-	1,226	5,518	-	5,518	80,749	89,530
Office	3,399	340	2,794	-	-	-	-	12,783	-	-	19,306	3,482	-	3,482	14,266	-	14,266	37,054	37,670
Dues and Subscriptions	208	77	203	-	-	-	-	317	-	-	805	259	-	259	1,530	-	1,530	2,594	4,744
Telephone	1,307	-	1,303	-	-	-	-	6,889	-	-	9,499	670	-	670	5,449	-	5,449	15,618	15,772
Fundraising Expense	-	-	386	-	-	-	-	-	-	-	386	126	-	126	14,206	-	14,206	14,718	25,754
Professional Fees	3,169	584	3,311	29,078	49,650	-	-	233,150	6,000	(220,000)	104,942	8,087	-	8,087	35,140	-	35,140	148,169	123,982
Interest Expense	3,233	-	3,112	240,530	280,376	-	-	-	-	(76,403)	450,848	3,792	(1,228)	2,564	14,173	(4,589)	9,584	462,996	543,644
Property Taxes	-	-	-	278,462	365,018	-	-	-	-	-	643,480	-	-	-	-	-	-	643,480	534,260
Insurance	1,086	-	1,045	86,462	134,830	-	-	14,498	5,842	-	243,763	1,273	-	1,273	4,758	-	4,758	249,794	226,997
Utilities	-	-	-	188,182	233,841	-	-	-	-	-	422,023	-	-	-	-	-	-	422,023	416,149
Repairs and Maintenance	-	-	-	313,329	384,890	-	-	4,245	-	3,443	705,907	-	-	-	-	-	-	705,907	570,624
Advertising	-	-	-	-	-	-	-	7,083	204	-	7,287	-	-	-	-	-	-	7,287	12,270
Housing Production Program	27	-	-	-	-	-	-	-	-	-	27	151	-	151	-	-	-	178	344
Communications/Advocacy	244	-	292	-	-	-	-	-	-	-	536	179	-	179	976	-	976	1,691	2,712
RD/Marketing Program	949	-	490	-	-	-	-	-	-	-	1,439	545	-	545	2,039	-	2,039	4,023	25,870
Depreciation and Amortization	345	-	332	426,036	1,047,436	-	-	434	-	-	1,474,583	404	-	404	1,511	-	1,511	1,476,498	1,478,299
Management Fees - Management Company	-	-	-	61,273	128,427	-	-	-	-	(209,700)	-	-	-	-	-	-	-	-	-
Personnel Costs Management Company	-	-	-	131,517	332,105	-	-	-	-	(434,606)	29,016	-	-	-	-	-	-	29,016	133,979
Personnel Costs Management Company Non-direct	-	-	-	7,134	16,865	-	-	-	-	-	23,999	-	-	-	-	-	-	23,999	21,621
Asset Management Fees	-	-	-	-	19,501	-	-	-	-	-	19,501	-	-	-	-	-	-	19,501	19,420
Incentive and Stabilization Fees	-	-	-	38,690	8,312	-	-	-	-	(47,002)	-	-	-	-	-	-	-	-	-
Bad Debts	-	-	-	44,430	86,252	-	-	-	-	-	130,682	-	-	-	-	-	-	130,682	75,456
Other Administrative Expenses	-	-	80	46,233	54,943	59	-	993	-	-	102,308	-	-	-	-	-	102,308	119,336	
Income Taxes	-	-	-	3,224	3,928	-	-	-	-	-	7,152	-	-	-	-	-	-	7,152	5,293
Miscellaneous	-	-	-	9,040	270	-	-	9,814	224	(356)	18,992	3,779	(3,443)	336	-	-	-	19,328	36,794
Occupancy Expense	3,900	14,549	3,738	-	-	-	-	60,599	-	(69,188)	13,598	4,550	(4,550)	-	17,063	(17,063)	-	13,598	12,902
Resident Services Coordinator	-	-	-	-	-	-	-	-	-	-	-	46,839	(45,339)	1,500	-	-	1,500	-	-
Restricted Collaboration Grant Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,610
Total Expenses 3/31/20	\$ 195,142	\$ 15,550	\$ 134,626	\$ 1,923,620	\$ 3,146,644	\$ 59	\$ -	\$ 1,250,594	\$ 129,476	\$ (1,171,018)	\$ 5,624,693	\$ 205,557	\$ (54,560)	\$ 150,997	\$ 563,142	\$ (21,652)	\$ 541,490	\$ 6,317,180	
Total Expenses 3/31/19	\$ 286,580	\$ 19,163	\$ 170,274	\$ 1,459,574	\$ 3,468,059	\$ 110	\$ 39,167	\$ 1,465,763	\$ 37,387	\$ (1,056,189)	\$ 5,889,888	\$ 248,835	\$ (106,490)	\$ 142,345	\$ 396,441	\$ (12,560)	\$ 383,881	\$ 6,416,114	

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FUNCTIONAL INCOME AND EXPENSES - OPERATIONS

For the Year Ended March 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	Department 1 Housing Production	Department 2 Home Buyer Education Center	Department 3 Asset Management	Department 4 Management and Fundraising	Department 5 General and Administrative	2020 Operating Total	2019 Operating Total
Operating Revenue:							
Foundation Grants	\$ -	\$ 20,000	\$ -	\$ 54,260	\$ -	\$ 74,260	\$ 225,690
Government Grants	-	-	-	278,830	-	278,830	236,000
Business Contributions	3,000	-	-	14,290	-	17,290	25,594
Individual Contributions	-	-	-	34,645	-	34,645	27,873
Events	-	-	500	-	38,910	39,410	66,426
Incentive Fees	-	-	47,358	-	-	47,358	41,111
Investment Income	-	-	23,341	-	-	23,341	9,283
Interest Income	-	-	74,348	-	-	74,348	74,348
Income (Expense) from Debt Forgiveness	-	-	-	-	-	-	(50,000)
Other Income	60,174	-	20,869	584	259,164	340,791	244,906
Total Operating Revenue	63,174	20,000	166,416	382,609	298,074	930,273	901,231
Operating Expenses:							
Salaries and Wages	148,759	-	97,072	106,476	357,255	709,562	680,323
Payroll Taxes and Benefits	25,919	-	20,306	23,719	89,258	159,202	149,320
Training and Travel	2,597	-	172	1,226	5,518	9,513	11,837
Office	3,399	340	2,784	3,482	14,266	24,271	23,355
Dues and Subscriptions	208	77	203	259	1,530	2,277	3,701
Telephone	1,307	-	1,303	670	5,449	8,729	9,583
Fundraising Expense	-	-	386	126	14,206	14,718	25,754
Professional Fees	3,169	584	3,311	8,087	35,140	50,291	21,148
Interest Expense	3,233	-	3,112	3,792	14,173	24,310	31,159
Insurance	1,086	-	1,045	1,273	4,758	8,162	7,450
Housing Production Program	27	-	-	151	-	178	344
Communications/Advocacy	244	-	292	179	976	1,691	2,712
RD/Marketing Program	949	-	490	545	2,039	4,023	9,336
Depreciation and Amortization	345	-	332	404	1,511	2,592	3,100
Other Administrative Expenses	-	-	80	-	-	80	114
Miscellaneous	-	-	-	3,779	-	3,779	15
Occupancy Expense	3,900	14,549	3,738	4,550	17,063	43,800	41,000
Resident Services Coordinator	-	-	-	46,839	-	46,839	98,432
Restricted Collaboration Grant Expense	-	-	-	-	-	-	2,610
Total Operating Expenses	195,142	15,550	134,626	205,557	563,142	1,114,017	1,121,293
Total Change in Operating Net Assets	\$ (131,968)	\$ 4,450	\$ 31,790	\$ 177,052	\$ (265,068)	\$ (183,744)	\$ (220,062)

Note: Total change in operating net assets agrees to total change in net assets - operating on page 27.

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
REAL ESTATE OWNED
FOR THE YEAR ENDED MARCH 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	1820 House	Eastern Apartments	Eastman Street	Elm Street	Three Bedroom Townhouses	Union Street	Endicott Hotel	Perley Place	Loudon Road	South End 2000	Willow Crossing	2020 Total Real Estate Owned	2019 Total Real Estate Owned
ASSETS													
CURRENT ASSETS													
Cash and Cash Equivalents	\$ 24,151	\$ 5,838	\$ 2,379	\$ 15,168	\$ 21,282	\$ 26,509	\$ 26,886	\$ 28,571	\$ 2,162	\$ 4,184	\$ 37,969	\$ 195,099	\$ 201,978
Tenant Rents Receivable	-	10	-	288	1,843	1,772	3,752	2,143	-	964	4,521	15,293	12,698
Tenant Security Deposits	3,224	6,407	1,769	1,325	19,620	1,762	35,225	8,480	-	7,185	17,985	102,982	108,627
Prepaid Expenses	669	2,147	1,941	2,155	4,141	2,110	13,042	4,013	3,059	2,204	16,067	51,548	43,252
Total Current Assets	28,044	14,402	6,089	18,936	46,886	32,153	78,905	43,207	5,221	14,537	76,542	364,922	366,555
PROPERTY AND EQUIPMENT - net	50,075	210,542	55,806	58,008	894,986	144,899	4,389,318	905,474	1,532,532	1,065,974	2,393,181	11,700,795	12,121,210
OTHER ASSETS													
Due from - Interfund	48,455	-	22,786	34,798	78,337	-	(18,422)	-	195,214	-	-	361,168	355,892
Projects in Process	-	-	-	-	-	-	2,170	-	-	-	-	2,170	2,170
Cash Reserves and Escrows	2,424	35,305	452	404	22,928	67,782	8,118	57,388	-	105,691	204,798	505,290	558,159
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	331
Total Other Assets	50,879	35,305	23,238	35,202	101,265	67,782	(8,134)	57,388	195,214	105,691	204,798	868,628	916,552
TOTAL ASSETS	<u>\$ 128,998</u>	<u>\$ 260,249</u>	<u>\$ 85,133</u>	<u>\$ 112,146</u>	<u>\$ 1,043,137</u>	<u>\$ 244,834</u>	<u>\$ 4,460,089</u>	<u>\$ 1,006,069</u>	<u>\$ 1,732,967</u>	<u>\$ 1,186,202</u>	<u>\$ 2,674,521</u>	<u>\$ 12,934,345</u>	<u>\$ 13,404,317</u>
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Current Portion of Long-term Debt	\$ 3,350	\$ 13,480	\$ 4,302	\$ 3,496	\$ 36,973	\$ 4,670	\$ 58,637	\$ 7,268	\$ 27,195	\$ 5,054	\$ 21,005	\$ 185,430	\$ 468,755
Accounts Payable	(2,350)	2,917	774	272	805	250	2,996	452	2,671	5,613	4,304	18,704	17,034
Accrued Expenses	322	1,906	542	519	3,708	818	8,227	1,994	565	3,107	8,512	30,220	28,240
Accrued Sponsor Fee	1,642	35,813	1,598	1,465	12,620	1,631	15,000	-	-	-	-	69,769	61,433
Accrued Interest	57	413	64	52	1,764	139	4,095	374	1,825	416	1,887	11,086	10,950
Due to - Interfund	-	7,000	165	165	2,500	165	15,815	-	44,947	4,000	-	74,757	124,726
Development Fee Payable	-	-	-	-	-	-	448,000	-	-	-	-	448,000	448,000
Security Deposits Held	3,227	6,363	1,767	1,303	19,542	1,672	35,252	8,598	-	7,165	17,926	102,815	105,356
Prepaid Tenant Rents	24	733	-	-	1,828	-	24,669	90	-	155	355	27,854	6,855
Total Current Liabilities	6,272	68,625	9,212	7,272	79,740	9,345	612,691	18,776	77,203	25,510	53,989	968,635	1,271,349
LONG-TERM LIABILITIES													
Long-term Notes Payable - Net of Current Portion	20,112	151,899	24,306	19,750	644,444	277,686	1,977,075	218,380	1,076,698	774,247	569,125	5,753,722	5,643,014
Notes Payable - Interfund	-	256,818	-	-	267,873	-	175,000	-	-	84,743	143,600	928,034	928,034
Deferred Interest Payable - Interfund	-	-	-	-	-	-	-	-	-	-	88,628	88,628	82,076
Less Debt Issuance Costs	(127)	-	-	(188)	(3,362)	-	(3,815)	(1,136)	(8,834)	(3,061)	(6,890)	(27,413)	(15,834)
Total Long-term Liabilities	19,985	408,717	24,306	19,562	908,955	277,686	2,148,260	217,244	1,067,864	855,929	794,463	6,742,971	6,637,290
Total Liabilities	26,257	477,342	33,518	26,834	988,695	287,031	2,760,951	236,020	1,145,067	881,439	848,452	7,711,606	7,908,639
NET ASSETS													
Without Donor Restrictions	102,741	(217,093)	51,615	85,312	54,442	(42,197)	1,699,138	770,049	370,900	304,763	1,826,069	5,005,739	5,246,678
With Donor Restrictions	-	-	-	-	-	-	-	-	217,000	-	-	217,000	249,000
Total Net Assets	102,741	(217,093)	51,615	85,312	54,442	(42,197)	1,699,138	770,049	587,900	304,763	1,826,069	5,222,739	5,495,678
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 128,998</u>	<u>\$ 260,249</u>	<u>\$ 85,133</u>	<u>\$ 112,146</u>	<u>\$ 1,043,137</u>	<u>\$ 244,834</u>	<u>\$ 4,460,089</u>	<u>\$ 1,006,069</u>	<u>\$ 1,732,967</u>	<u>\$ 1,186,202</u>	<u>\$ 2,674,521</u>	<u>\$ 12,934,345</u>	<u>\$ 13,404,317</u>

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
LIHTC REAL ESTATE
FOR THE YEAR ENDED MARCH 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	ASSETS						2020	2019
	Friedman Court I	Friedman Court II	Bow Vista	Bow Vista II	Mennino Place	Franklin Mills	Total LIHTC Real Estate	Total LIHTC Real Estate
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 37,929	\$ 122,681	\$ 57,359	\$ 40,113	\$ 51,626	\$ 190,541	\$ 500,249	\$ 739,012
Tenant Rents Receivable	10,530	1,294	1,488	1,349	3,614	18,500	36,775	20,252
Other Receivables	-	-	-	-	280	-	280	-
Tenant Security Deposits	35,549	28,605	16,901	12,502	27,918	27,056	148,531	149,617
Prepaid Expenses	9,105	6,566	13,655	10,985	7,292	20,632	68,235	40,495
Total Current Assets	<u>93,113</u>	<u>159,146</u>	<u>89,403</u>	<u>64,949</u>	<u>90,730</u>	<u>256,729</u>	<u>754,070</u>	<u>949,376</u>
PROPERTY AND EQUIPMENT - net	<u>5,332,323</u>	<u>4,541,096</u>	<u>3,353,463</u>	<u>2,694,247</u>	<u>6,604,599</u>	<u>10,805,645</u>	<u>33,331,373</u>	<u>34,354,266</u>
OTHER ASSETS								
Cash Reserves and Escrows	548,090	334,925	109,969	122,570	315,920	256,185	1,687,659	1,579,872
Other Assets	8,989	13,391	24,802	19,909	38,735	69,142	174,968	199,511
Total Other Assets	<u>557,079</u>	<u>348,316</u>	<u>134,771</u>	<u>142,479</u>	<u>354,655</u>	<u>325,327</u>	<u>1,862,627</u>	<u>1,779,383</u>
TOTAL ASSETS	<u>\$ 5,982,515</u>	<u>\$ 5,048,558</u>	<u>\$ 3,577,637</u>	<u>\$ 2,901,675</u>	<u>\$ 7,049,984</u>	<u>\$ 11,387,701</u>	<u>\$ 35,948,070</u>	<u>\$ 37,083,025</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Current Portion of Long-term Debt	\$ 17,412	\$ 17,276	\$ 6,676	\$ 6,931	\$ 16,031	\$ 3,807	\$ 68,133	\$ 63,459
Accounts Payable	8,082	4,729	2,411	4,619	8,343	5,669	33,853	52,217
Accrued Expenses	18,173	9,847	5,884	6,075	17,683	6,569	64,231	57,615
Accrued Sponsor Fee	-	-	-	6,371	-	-	6,371	5,020
Accrued Interest	1,167	448	215	868	1,580	446	4,724	5,201
Due to - Interfund	-	-	-	4,000	-	13,000	17,000	200,726
Security Deposits Held	36,737	28,676	16,833	12,437	27,948	27,543	150,174	148,540
Prepaid Rents	1,425	2,323	1,065	1	1,276	2,855	8,945	13,503
Total Current Liabilities	<u>82,996</u>	<u>63,299</u>	<u>33,084</u>	<u>41,302</u>	<u>72,861</u>	<u>59,889</u>	<u>353,431</u>	<u>546,281</u>
LONG-TERM LIABILITIES								
Long-term Notes Payable - Net of Current Portion	1,312,363	1,436,356	2,434,954	722,249	2,053,429	1,590,979	9,550,330	9,656,903
Deferred Interest Payable	155,858	119,351	-	-	-	-	275,209	219,032
Notes Payable - Interfund	226,018	411,982	-	5,450	937,500	475,000	2,055,950	2,055,950
Deferred Interest Payable - Interfund	149,711	191,575	-	-	189,622	-	530,908	481,881
Less Debt Issuance Costs	<u>(9,049)</u>	<u>(6,763)</u>	<u>(9,627)</u>	<u>(8,500)</u>	<u>(24,640)</u>	<u>(16,279)</u>	<u>(74,858)</u>	<u>(78,240)</u>
Total Long-term Liabilities	<u>1,834,901</u>	<u>2,152,501</u>	<u>2,425,327</u>	<u>719,199</u>	<u>3,155,911</u>	<u>2,049,700</u>	<u>12,337,539</u>	<u>12,335,526</u>
NET ASSETS								
Without Donor Restrictions:								
Non-Controlling	4,064,817	2,832,924	1,194,377	2,141,104	3,826,225	9,278,187	23,337,634	24,281,659
Controlling	<u>(199)</u>	<u>(166)</u>	<u>(75,151)</u>	<u>70</u>	<u>(5,013)</u>	<u>(75)</u>	<u>(80,534)</u>	<u>(80,441)</u>
Total Net Assets without Donor Restrictions	<u>4,064,618</u>	<u>2,832,758</u>	<u>1,119,226</u>	<u>2,141,174</u>	<u>3,821,212</u>	<u>9,278,112</u>	<u>23,257,100</u>	<u>24,201,218</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,982,515</u>	<u>\$ 5,048,558</u>	<u>\$ 3,577,637</u>	<u>\$ 2,901,675</u>	<u>\$ 7,049,984</u>	<u>\$ 11,387,701</u>	<u>\$ 35,948,070</u>	<u>\$ 37,083,025</u>

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF RENTAL INCOME AND EXPENSES
REAL ESTATE OWNED
FOR THE YEAR ENDED MARCH 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	1820 House	Eastern Apartments	Eastman Street	Elm Street	Three Bedroom Townhouses	Union Street	Endicott Hotel	Perley Place	Loudon Road	South End 2000	Willow Crossing	2020 Total Real Estate Owned	2019 Total Real Estate Owned
Operating Revenues													
Rental Income	\$ 38,527	\$ 116,828	\$ 39,168	\$ 35,203	\$ 311,104	\$ 39,270	\$ 423,432	\$ 121,398	\$ 90,801	\$ 117,623	\$ 306,723	\$ 1,640,077	\$ 1,347,329
Investment Income	-	870	1	3	50	1,070	9	1,034	-	1,985	3,626	8,648	3,776
Income from Debt Forgiveness	-	-	-	-	-	-	-	-	-	-	-	-	5,387
Laundry	213	935	136	-	-	-	1,354	-	-	-	-	2,638	3,206
Other Income	2,306	(249)	783	111	6,745	-	2,077	83	7,872	1,620	1,311	22,659	15,112
Total Operating Revenue	41,046	118,384	40,088	35,317	317,899	40,340	426,872	122,515	98,673	121,228	311,660	1,674,022	1,374,810
Operating Expenses													
Professional Fees	1,203	2,400	1,450	2,200	600	1,800	1,525	5,100	-	6,700	6,100	29,078	31,237
Interest Expense	1,651	5,133	1,973	1,634	38,656	1,719	98,602	4,825	42,087	4,672	39,578	240,530	192,795
Property Taxes	5,268	17,664	4,781	6,162	58,040	5,964	73,534	18,167	-	21,561	67,321	278,462	190,442
Insurance	2,520	5,929	2,383	2,702	16,808	2,635	16,129	8,094	4,415	8,906	15,941	86,462	65,420
Utilities	2,427	15,075	8,916	3,351	19,984	3,373	59,325	10,413	10,107	10,726	44,485	188,182	133,150
Repairs and Maintenance	8,852	19,629	17,961	16,465	87,859	12,816	52,765	22,663	2,264	28,055	44,000	313,329	199,537
Depreciation and Amortization	3,683	9,879	5,072	3,522	58,175	13,681	127,278	29,402	45,390	43,668	86,286	426,036	338,516
Management Fees	2,352	8,232	2,364	2,364	15,288	2,364	20,085	6,468	-	7,644	14,112	81,273	32,872
Personnel Costs Management Company	3,004	20,324	6,059	6,059	22,625	5,136	18,100	12,362	-	20,394	17,454	131,517	184,168
Personnel Costs Management Company Non-direct	231	1,111	161	161	1,639	161	677	723	-	1,094	1,176	7,134	7,933
Incentive and Stabilization Fees	1,642	4,734	1,598	1,465	12,620	1,631	15,000	-	-	-	-	38,690	24,418
Bad Debts	2,093	3,726	781	1,876	8,794	1,765	7,946	2,586	-	13,369	1,494	44,430	8,996
Other Administrative Expenses	1,354	2,585	878	828	8,080	655	15,048	1,557	10,090	2,576	2,582	46,233	48,645
Income Taxes	26	897	2	2	208	1,213	7	115	-	312	442	3,224	1,445
Miscellaneous	-	-	-	-	-	-	-	-	-	-	9,040	9,040	-
Total Operating Expenses	36,306	117,318	54,379	48,791	349,376	54,913	506,021	122,475	114,353	169,677	350,011	1,923,620	1,459,574
Excess (Deficiency) of Operating Revenues over Expenses	4,740	1,066	(14,291)	(13,474)	(31,477)	(14,573)	(79,149)	40	(15,680)	(48,449)	(38,351)	(249,598)	(84,764)
Property Fund - Beginning Net Assets	98,001	(218,159)	65,906	98,786	85,919	(27,624)	1,778,287	774,394	603,580	363,452	1,873,136	5,495,678	3,708,471
Distributions	-	-	-	-	-	-	-	(4,385)	-	(10,240)	(8,716)	(23,341)	(1,165)
Transfers													
Transfer of Net Assets from LIHTC Real Estate	-	-	-	-	-	-	-	-	-	-	-	-	1,873,136
Property Fund - Ending Net Assets	\$ 102,741	\$ (217,093)	\$ 51,615	\$ 85,312	\$ 54,442	\$ (42,197)	\$ 1,699,138	\$ 770,049	\$ 587,900	\$ 304,763	\$ 1,826,069	\$ 5,222,739	\$ 5,495,678

CONCORD AREA TRUST FOR COMMUNITY HOUSING, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF RENTAL INCOME AND EXPENSES AND CHANGE IN NET ASSETS
LIHTC REAL ESTATE
FOR THE YEAR ENDED MARCH 31, 2020

(With summarized financial information for the year ended March 31, 2019)

	Friedman Court I	Friedman Court II	Bow Vista	Bow Vista II	Mennino Place	Franklin Mills	2020 Total Tax Credit Properties	2019 Total Tax Credit Properties
Operating Revenues								
Rental Revenue	\$ 528,787	\$ 373,743	\$ 213,413	\$ 179,217	\$ 453,405	\$ 392,945	\$ 2,141,510	\$ 2,319,628
Investment Income	3,986	2,727	662	1,173	4,478	17,525	30,551	13,454
Other Income	11,414	1,719	3,949	2,896	7,308	4,039	31,325	24,788
Total Operating Revenue	544,187	378,189	218,024	183,286	465,191	414,509	2,203,386	2,357,870
Operating Expenses								
Professional Fees	10,900	6,500	5,400	6,500	8,500	11,850	49,650	56,300
Interest Expense	78,263	71,338	13,770	16,976	88,455	11,574	280,376	400,309
Property Taxes	85,822	63,064	37,190	29,752	95,387	53,803	365,018	343,818
Insurance	28,412	16,753	12,315	9,402	17,747	50,201	134,830	136,216
Utilities	62,784	30,096	23,995	20,475	39,345	57,146	233,841	282,999
Repairs and Maintenance	113,854	64,125	43,545	22,737	66,475	74,154	384,890	366,129
Depreciation and Amortization	179,704	160,408	87,412	85,384	229,914	304,614	1,047,436	1,136,070
Management Fees	31,752	24,108	11,760	9,408	26,460	24,939	128,427	110,157
Personnel Costs Management Company	83,635	64,820	31,483	22,101	61,756	68,310	332,105	440,458
Personnel Costs Management Company Non-direct	4,508	3,478	1,143	1,227	3,420	3,089	16,865	13,688
Asset Management Fees	6,000	2,000	1,500	1,351	6,150	2,500	19,501	19,420
Incentive and Stabilization Fees	362	6,599	-	1,351	-	-	8,312	16,302
Advertising and Marketing	-	-	-	-	-	-	-	7,532
Bad Debts	22,101	1,120	3,803	1,070	2,027	56,131	86,252	66,460
Other Administrative Expenses	17,192	9,771	3,606	3,735	8,747	11,892	54,943	65,231
Income Taxes	587	1,414	214	101	772	840	3,928	3,848
Miscellaneous	124	-	18	11	65	52	270	3,122
Total Operating Expenses	726,000	525,594	277,154	231,581	655,220	731,095	3,146,644	3,468,059
Deficiency of Operating Revenues	(181,813)	(147,405)	(59,130)	(48,295)	(190,029)	(316,586)	(943,258)	(1,110,189)
Property Fund - Beginning Net Assets Non-Controlling	4,246,657	2,981,129	1,253,501	2,189,394	4,016,237	9,594,741	24,281,659	20,164,850
Transfer of Willow Crossing to Real Estate Owned	-	-	-	-	-	-	-	(1,873,229)
Change in Net Assets	(181,795)	(147,390)	(59,124)	(48,290)	(190,012)	(316,554)	(943,165)	(1,110,079)
Distributions	(45)	(815)	-	-	-	-	(860)	(3,119)
Capital Contributions	-	-	-	-	-	-	-	7,103,236
Property Fund - Ending Net Assets Non-Controlling	4,064,817	2,832,924	1,194,377	2,141,104	3,826,225	9,278,187	23,337,634	24,281,659
Property Fund - Beginning Net Assets Controlling	(181)	(151)	(75,145)	75	(4,996)	(43)	(80,441)	(71,141)
Transfer of Willow Crossing to Real Estate Owned	-	-	-	-	-	-	-	93
Change in Net Assets	(18)	(15)	(6)	(5)	(17)	(32)	(93)	(110)
Distributions	-	-	-	-	-	-	-	(9,283)
Property Fund - Ending Net Assets Controlling	(199)	(166)	(75,151)	70	(5,013)	(75)	(80,534)	(80,441)
Property Fund - Ending Net Assets	\$ 4,064,618	\$ 2,832,758	\$ 1,119,226	\$ 2,141,174	\$ 3,821,212	\$ 9,278,112	\$ 23,257,100	\$ 24,201,218