for 8 June 2017
Newton CPC public meeting

WORKING SESSION on
Proposal for 236 Auburn Street

As background, attached are the documents submitted to the Planning & Development Board for their June 5th discussion of **organizational finances and the affiliation between CAN-DO and Metro West Collaborative Development:**

- draft 2016 audited statements for both organizations, not yet voted on/approved by their now-joint Board of Directors
- schedule of real estate owned/operated
- organizational chart, staffing and budget projections for 2017-2021

Setti D. Warren
Mayor

Barney Heath
Director
Planning & Development

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CD Programs Manager
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CITY OF NEWTON
Planning and Development Board
AGENDA

DATE: **Monday, June 5, 2017**
TIME: **7:00 p.m.**
PLACE: **Newton City Hall, Room 204**

1. **Minutes:** Approve minutes from the May 1, 2017
2. **Hearing Continuation/Vote:** Washington Place Rezoning
3. **Board of Survey:** Estate Drive-Kessler Woods LLC
4. **Board of Survey:** Farewell Street- VTP Associates
5. **Discussion/Vote:** CDBG Substantial Amendment for FY16 Architectural Access Funding Pool
6. **Discussion:** CAN-DO/MetroWest Financials Discussion
7. **Public Hearing/Possible Vote:** 236 Auburn Street Housing Development (CAN-DO)
8. **Discussion/Vote:** Sunrise Development Rezoning Petition #60-17 Request to Rezone 29 Hovey Street from Multi-Residence 2 to Business-Use 2
9. **Next Meetings:**
   - June 12, 2017 at 7:45 p.m., Joint Zoning and Planning (ZAP) – Public Hearing on rDNA Lab Facilities Rezoning/ West Newton Historic District
   - June 13, 2017 at 7:00 p.m., Joint Land-use (LUC)- Public Hearing on Northland Redevelopment

The location of this meeting is wheelchair accessible and reasonable accommodations will be provided to persons with disabilities who require assistance. If you need a reasonable accommodation, please contact the city of Newton's ADA/Sec. 504 Coordinator, Jini Fairley, at least two business days in advance of the meeting: jfairley@newtonma.gov or (617) 796-1253. The city's TTY/TDD direct line is: 617-796-1089. For the Telecommunications Relay Service (TRS), please dial 711.

KPM

Citizens for Affordable Housing in Newton Development Organization, Inc.

Financial Statements

December 31, 2016

CAN-DO

Kevin P. Martin & Associates, P.C.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

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December 31, 2016

Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of
Citizens for Affordable Housing in Newton Development Organization, Inc.

We have audited the accompanying financial statements of Citizens for Affordable Housing in Newton Development Organization, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2016. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Month XX, 2017

CITIZENS FOR AFFORDABLE HOUSING IN NEWTON DEVELOPMENT ORGANIZATION, INC

Statement of Financial Position

As of December 31, 2016
With Comparative Totals as of December 31, 2015

	2016	2015
Current Assets		
Cash - operating	$ 88,228	$ 109,082
Operating reserves	2,760	3,070
Total cash and cash equivalents	90,988	112,152
Accounts receivable	3,308	1,263
Pledges receivable	2,598	2,530
Grants receivable	-	22,474
Total current assets	96,894	138,419
Fixed Assets		
Land	1,749,452	1,749,452
Buildings	4,731,710	4,731,710
Building improvements	3,888,761	3,875,698
Furniture and equipment	31,195	31,195
Total fixed assets	10,401,118	10,388,055
Less: accumulated depreciation	(3,022,570)	(2,740,209)
Total net fixed assets	7,378,548	7,647,846
Other Assets		
Replacement reserves	27,166	26,444
Housing under development	2,671,120	1,242,104
Tenant security deposit accounts	31,029	33,590
Deposits	-	125,000
Total other assets	2,729,315	1,427,138
Total Assets	$ 10,204,757	$ 9,213,403
Current Liabilities		
Mortgage notes payable - current portion	$ 1,106,447	$ 854,008
Accounts payable	50,760	43,960
Accrued expenses	9,000	5,767
Tenant security deposits	31,029	33,590
Accrued and deferred interest	60,505	60,504
Revolving loan pool	20,000	20,000
Deferred revenue	-	1,600
Total current liabilities	1,277,741	1,019,429
Long Term Liabilities		
Mortgage notes payable - net of current portion	10,058,230	9,220,705
Total liabilities	11,335,971	10,240,134
Net Assets		
Unrestricted	(1,148,238)	(1,041,072)
Temporarily restricted	17,024	14,341
Total net assets	(1,131,214)	(1,026,731)
Total Liabilities and Net Assets	$ 10,204,757	$ 9,213,403

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

CITIZENS FOR AFFORDABLE HOUSING IN NEWTON DEVELOPMENT ORGANIZATION, INC

Statement of Activities

For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Revenue and Support				
Support:				
Contributions	$ 39,783	$ 7,274	$ 47,057	$ 30,335
Corporate grants	110,000	-	110,000	0
Special events	113,380	-	113,380	111,590
Released from restrictions	4,591	(4,591)	-	-
Revenue				
Government grants	21,912	-	21,912	43,221
Rental income	507,781	-	507,781	495,612
Management fees	2,400	-	2,400	2,400
Development fees	63,715	-	63,715	59,285
Interest income	170	-	170	88
Total revenue and support	863,732	2,683	866,415	742,531
Expenses				
Housing development	112,916	-	112,916	92,242
Rental activities	732,011	-	732,011	723,198
Total program expenses	844,927	-	844,927	815,440
General and administrative	80,005	-	80,005	72,570
Fundraising	45,966	-	45,966	41,752
Total expenses	970,898	-	970,898	929,762
Change in Net Assets Before Other Income	(107,166)	2,683	(104,483)	(187,231)
Other Income				
Debt forgiveness	-	-	-	1,630
Total other income	-	-	-	1,630
Total Change in Net Assets	(107,166)	2,683	(104,483)	(185,601)
Net Assets at Beginning of Year	(1,041,072)	14,341	(1,026,731)	(841,130)
Net Assets at End of Year	$ (1,148,238)	$ 17,024	$ (1,131,214)	$ (1,026,731)

CITIZENS FOR AFFORDABLE HOUSING IN NEWTON DEVELOPMENT ORGANIZATION, INC

Statement of Cash Flows

For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ (104,483)	$ (185,601)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	282,361	289,471
Debt forgiveness	-	(1,630)
Decrease (increase) in assets:		
Accounts receivable	(2,045)	807
Pledges receivable	(68)	(2,530)
Grants receivable	22,474	(22,474)
Tenant security deposit accounts	2,561	1,958
Increase (decrease) in liabilities:		
Accounts payable	6,800	13,357
Tenant security deposits	(2,561)	(1,958)
Accrued expenses	3,233	-
Deferred revenue	(1,600)	1,600
Net Cash Provided by Operating Activities	206,672	93,000
Cash Flows from Investing Activities		
Purchase of land, building and improvements	(13,063)	(6,250)
Purchase of land and building for development	(504,015)	(42,104)
Purchase of equipment	-	(1,424)
Deposits into replacement reserves	(722)	(4,100)
Deposits	125,000	(125,000)
Net Cash Used in Investing Activities	(392,800)	(178,878)
Cash Flows from Financing Activities		
Proceeds from mortgage notes payable	1,045,965	200,555
Repayment of mortgage notes payable	(881,001)	(79,080)
Net Cash Provided by Financing Activities	164,964	121,475
Net (Decrease) Increase in Cash and Cash Equivalents	(21,164)	35,597
Cash and Cash Equivalents - Beginning	112,152	76,555
Cash and Cash Equivalents - Ending	$ 90,988	$ 112,152
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 119,119	$ 130,279
Supplemental Data for Noncash Investing and Financing Activities		
Land and building for development acquired with mortgage payable additions	$ 925,000	$ 1,200,000
Debt refinancing	$ -	$ 590,000

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

CITIZENS FOR AFFORDABLE HOUSING IN NEWTON DEVELOPMENT ORGANIZATION, INC

Statement of Functional Expenses

For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Housing Development	Rental Activities	Total Program	General and Administrative	Fundraising	2016 Total	2015 Total
Salaries	$ 27,203	$ 43,530	$ 70,733	$ 28,774	$ 10,881	$ 110,388	$ 103,977
Payroll taxes	2,109	3,571	5,680	2,320	938	8,938	8,397
Fringe benefits	4,599	7,348	11,947	4,599	1,817	18,363	13,515
Salaries and related expenses	33,911	54,449	88,360	35,693	13,636	137,689	125,889
Advertising and marketing	2,255	1,000	3,255	350	184	3,789	1,094
Bank charges	-	68	68	-	785	853	1,130
Condo fees	-	4,646	4,646	-	-	4,646	4,646
Conferences	-	-	-	-	-	-	612
Consultants	6,556	21,198	27,754	10,637	3,925	42,316	41,751
Depreciation	-	281,431	281,431	930	-	282,361	289,471
Development costs	11,591	-	11,591	-	-	11,591	1,470
Donations	-	500	500	20	-	520	1,650
Dues and subscriptions	-	-	-	2,504	-	2,504	2,679
Event expenses	-	-	-	-	18,464	18,464	14,671
Exterminating	-	3,717	3,717	-	-	3,717	428
Facility maintenance	1,443	17,236	18,679	-	-	18,679	14,349
Filing fees	34	254	288	271	100	659	1,315
Insurance	4,090	36,262	40,352	4,171	-	44,523	41,962
Interest	19,234	99,865	119,099	20	-	119,119	130,279
Landscaping	6,702	26,421	33,123	-	-	33,123	37,118
Miscellaneous	-	-	-	150	-	150	151
Payroll services	335	543	878	344	129	1,351	1,299
Postage	-	-	-	459	679	1,138	1,229
Printing and public relations	105	-	105	1,824	4,584	6,513	5,198
Professional fees	-	-	-	9,900	-	9,900	8,193
Real estate taxes	11,124	64,478	75,602	-	-	75,602	78,944
Rent	7,598	12,158	19,756	7,598	3,039	30,393	29,388
Repairs and maintenance	1,602	55,736	57,338	-	-	57,338	36,209
Security	-	1,879	1,879	-	-	1,879	70
Supplies	262	50	312	1,248	-	1,560	2,506
Supportive services	-	2,894	2,894	-	-	2,894	981
Telephone and internet	991	1,586	2,577	1,901	403	4,881	5,101
Travel	-	-	-	-	-	-	95
Utilities	4,171	44,956	49,127	-	-	49,127	47,085
Vehicle expenses	912	684	1,596	1,985	38	3,619	2,799
	$ 112,916	$ 732,011	$ 844,927	$ 80,005	$ 45,966	$ 970,898	$ 929,762

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

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by Citizens for Affordable Housing in Newton Development Organization, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization was organized in January 1994 in the Commonwealth of Massachusetts as a nonprofit corporation. The purpose of the Organization is to expand the supply of decent and affordable housing in Newton, Massachusetts. The purpose of the Organization is accomplished by promoting the development, construction and conversion of properties and serving as a Community Housing Development Organization.

The Organization has developed 44 units of housing. Included in its portfolio are units which serve victims of domestic violence, adults with developmental disabilities, formerly homeless veterans and low income families. For the year ended December 31, 2016, the rental revenue accounted for approximately 59% of total revenue.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization’s ongoing efforts.

(c) Standards of Accounting and Reporting

The Organization’s net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

<u>Unrestricted</u> - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the contributions are recognized.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2016.

(e) Revenue Recognition

The Organization earns revenue as follows:

Government Grants - Government grants are recorded as revenue as costs related to the services provided are incurred.

Contributions and Corporate Grants – Contributions and corporate grants are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions and corporate grants are considered to be available for unrestricted use unless specifically restricted by the donor.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received. All special event revenue is derived from the annual gala. Revenue derived from this event totaled approximately $113,380.

Rental - Rental income is derived from tenant rent. Rental revenue is recognized as occupancy is provided.

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended December 31, 2016, the Organization derived approximately 59% of its total revenue from rental income, 31% from corporate and individual donors, 7% from development fees and 3% from governmental grants. All revenue is recorded at the estimated net realizable amounts.

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2016, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. With the exception of tenant accounts receivable, the Organization has no policies requiring collateral or other security to secure the accounts receivable. Tenant security deposits are used as collateral in the event of non-payment of rent. The Organization has a policy to collect one month's security deposit from tenants.

(g) Pledges Receivable

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of December 31, 2016, management has determined any allowance would be immaterial.

(1) Summary of Significant Accounting Policies - continued

(h) Fixed Assets

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Buildings and building improvements	20-40 years
Furniture and equipment	5-10 years

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016.

(h) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expense as a percentage of total contribution and special event revenue was 29% for the year ended December 31, 2016. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(i) Special Events

The Organization has determined that special events are incidental to its operations and therefore the direct costs of benefit to the donors is reported with fundraising expense and is not included with special events revenue.

(1) Summary of Significant Accounting Policies - continued

(j) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon utilization estimates made by the Organization's management. Occupancy costs are allocated based upon the allocation of salary.

(k) Use of Estimates

In preparing the Organization's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

(l) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1).

(m) Summarized Financial Information for 2015

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

(1) Summary of Significant Accounting Policies - continued

(n) Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

(2) Debt

(a) Mortgage Notes Payable - Amortizing

Lender	Collateralized by Real Estate	Principal Balance 12/31/16	Original Amount	Monthly Payment	Amort. Period	Interest Rate	Maturity
The Village Bank (TVB)	14 Nonantum Place Newton, MA	$ 108,744	$ 130,000	$ 785	15 yr	6%	December 2021
Boston Community Loan Fund	90 Christina Street Newton, MA	88,359	101,942	678	22 yr	7%	January 2024
TVB	90 Christina Street Newton, MA	203,867	668,315	1,390	30 yr	3.125% Variable	July 2032
TVB	228 Webster Street Newton, MA	219,101	325,000	1,526	30 yr	2.875%	March 2032
TVB	18-20 Cambria Road Newton, MA	222,896	400,000	1,518	30 yr	3.125% Variable	January 2033
Cambridge Savings Bank (CSB)	18-20 Cambria Road Newton, MA	164,020	2,775,000	921	15 yr	250bps over 3 yr FHLB rate	March 2018
TVB	11-13 Cambria Road Newton, MA	217,293	247,400	1,350	15 yr	5%	July 2024

(2) Debt - continued

(a) Mortgage Notes Payable - Amortizing - continued

Lender	Collateralized by Real Estate	Principal Balance 12/31/16	Original Amount	Monthly Payment	Amort. Period	Interest Rate	Maturity
TVB	20-22 Falmouth Road Newton, MA	246,891	307,500	1,635	19 yr	4.5%	April 2024
TVB	163 Jackson Road Newton, MA	248,653	307,500	1,749	15 yr	5.25%	October 2020
TVB	2148-2150 Commonwealth Ave. Newton, MA	179,623	666,300	1,084	17 yr	5.25%	January 2027
CSB	61 Pearl Street Newton, MA	202,870	852,627	957	10 yr	Yr 1-5: 3.2% Yr 6-9: 200bps over 5 yr FHLB rate with floor rate 3.25%	January 2023
TVB	54 Eddy Street Newton, MA	114,727	660,000	613	30 yr	4.5%	April 2044
	Total mortgage notes payable - amortizing	$ 2,217,044					

(b) Mortgage Notes Payable - Deferred or Forgivable

Lender	Collateralized by Real Estate	Principal Balance 12/31/16	Original Amount	Term Period	Interest Rate	Maturity
CEDAC	14 Nonantum Place Newton, MA	$ 90,000	$ 90,000	20 yr	*	January 2017
Newton Community Development Authority (NCDA)	14 Nonantum Place Newton, MA	189,000	189,000	-	*	-
NCDA	90 Christina Street Newton, MA	225,000	225,000	40 yr	7%	August 2039
CEDAC	90 Christina Street Newton, MA	125,000	125,000	30 yr	*	July 2032
NCDA	90 Christina Street Newton, MA	11,320	11,320	-	*	Balance due if there is a change of ownership, or if the organization is out of compliance
NCDA	228 Webster Street Newton, MA	237,957	237,957	40 yr	*	August 2040
CEDAC	228 Webster Street Newton, MA	389,811	389,811	20 yr	*	April 2022

(2) Debt - continued

(b) Mortgage Notes Payable - Deferred or Forgivable - continued

Lender	Collateralized by Real Estate	Principal Balance 12/31/16	Original Amount	Term Period	Interest Rate	Maturity
Massachusetts Housing and Community Development	228 Webster Street Newton, MA	250,000	250,000	30 yr	*	May 2032
City of Newton, Community Preservation Grant (CPA)	18-20 Cambria Road Newton, MA	200,000	200,000	-	*	-
NCDA	18-20 Cambria Road Newton, MA	200,000	200,000	50 yr	*	50 years from completion
NCDA	18-20 Cambria Road Newton, MA	6,910	6,910	50 yr	*	October 2058
NCDA	18-20 Cambria Road Newton, MA	32,450	32,450	-	*	Deferred grant loan with a permanent affordability housing restriction, due upon sale or transfer of land.
NCDA	11-13 Cambria Road Newton, MA	200,000	200,000	-	*	-
CPA	11-13 Cambria Road Newton, MA	350,000	350,000	-	*	-
CPA	20-22 Falmouth Road Newton, MA	275,000	275,000	-	*	-
NCDA	20-22 Falmouth Road Newton, MA	62,500	62,500	-	*	-
NCDA	20-22 Falmouth Road Newton, MA	200,000	200,000	50 yr	*	October 2054
CPA	163 Jackson Road Newton, MA	275,000	275,000	-	*	-
NCDA	163 Jackson Road Newton, MA	62,500	62,500	49 yr	*	October 2054
NCDA	163 Jackson Road Newton, MA	200,000	200,000	50 yr	*	October 2054
NCDA	2148-2150 Commonwealth Ave. Newton, MA	300,000	300,000	50 yr	*	December 2060
CPA	2148-2150 Commonwealth Ave. Newton, MA	375,000	375,000	30 yr	*	July 2040
TVB	2148-2150 Commonwealth Ave. Newton, MA	50,000	50,000	15 yr	*	15 years from completion

(2) Debt - continued

(b) Mortgage Notes Payable - Deferred or Forgivable - continued

Lender	Collateralized by Real Estate	Principal Balance 12/31/16	Original Amount	Term Period	Interest Rate	Maturity
CPA	61 Pearl Street Newton, MA	665,000	665,000	-	*	-
NCDA	61 Pearl Street Newton, MA	480,000	480,000	50 yr	*	March 2061
NCDA	54 Eddy Street Newton, MA	690,250	690,250	20 yr	*	March 2033
CPA	54 Eddy Street Newton, MA	243,572	243,572	-	*	-
TVB	10-12 Cambria Road Newton, MA	13,843	620,000	1 yr	*	Converted to permanent financing with the City of Newton in 2016
CDBG	10-12 Cambria Road Newton, MA	606,157	606,157	-	*	30 years from completion
CPA	10-12 Cambria Road Newton, MA	19,620	19,620	-	*	-
CPA	54 Taft Ave. Newton, MA	553,429	553,429	-	*	-
CDBG	54 Taft Ave. Newton, MA	443,314	443,314	-	*	30 years from completion
TVB	236 Auburn St. Newton, MA	925,000	925,000	1 yr	5%	Interest only payments, Converted to permanent financing with the City of Newton in 2017
Total mortgage notes payable - forgivable or deferred		$ 8,947,633				

* Noninterest bearing.

The Organization's deferred and forgivable mortgage notes payable are collateralized with real estate properties.

(2) Debt - continued

For the year ended December 31, 2016, total interest expense on all mortgage notes amounted to $119,119. The following are the minimum required principal payments on the mortgages:

Year Ended	
2017	$ 1,106,447
2018	234,968
2019	78,855
2020	295,818
2021	159,219
Thereafter	9,289,370

(3) Revolving Loan Pool

In 1999, the Organization received a $20,000 grant from the NCDA to establish a revolving account, which will provide immediate funding for deposits and down payments to acquire property for use as affordable housing.

(4) Operating Lease Commitments

The Organization entered into a lease agreement extension that expired June 1, 2016. Subsequent to the expiration of the lease, the Organization became a tenant at will. The lease requires monthly payments of $2,564. Rent expense for the year ended December 31, 2016 totaled $30,393.

(5) Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. Upon termination the employee is compensated for any accrued but unused vacation pay. The Organization has not accrued compensated absences because it remains immaterial to the financial statements as a whole.

(6) Development Fees

The Organization earns development fees from the renovation of housing projects. These fees fluctuate throughout the course of a project due to budget changes. The amount received during the year ended December 31, 2016 totaled $63,715.

(7) Retirement Plan

The Organization established a 401(k) P/S Plan effective January 1, 2011 replacing a plan established in 2001. The 401(k) plan covers all eligible employees as identified in the plan document. The plan provides for an employee elective deferral contribution along with a matching employer contribution. The amount of the matching employer contribution is determined annually by the Board of Directors. Pension expense for the year ended December 31, 2016 totaled $10,882.

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2016, temporarily restricted net assets are restricted for the following purposes:

Workforce program	$ 14,426
Time restricted to 2017	2,598
Total	$ 17,024

(9) Related Party Transactions

In accordance with the Organization's articles of organization, one Board member is an income eligible tenant in a unit authorized and monitored by the U.S. Department of Housing and Urban Development. Another board member works at a bank that lends money to the Organization in a position that does not influence lending decisions.

(10) Subsequent Events

The Organization has performed an evaluation of subsequent events through Month XX, 2017 which is the date the Organization's financial statements were available to be issued. No material subsequent events, other than the items disclosed below, have occurred since December 31, 2016 that required recognition or disclosure in these financial statements.

The Organization has entered into a contract, dated September 10, 2016, to affiliate its operations as of January 1, 2017 with Metro West Collaborative Development, Inc. Both affiliated organizations will continue to exist and will have the same board of directors and the same amended by-laws. No changes have been made to these financial statements as a result of this merger.

To the Board of Directors and Management of
Metro West Collaborative Development, Inc. and Subsidiaries:

In planning and performing our audit of the consolidating financial statements of Metro West Collaborative Development, Inc. and Subsidiaries (collectively, the Organization) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidating financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Finance Committee, the Board of Directors, Federal awarding agencies, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Wellesley, Massachusetts
May 3, 2017

May 3, 2017

To the Board of Directors and Management of
Metro West Collaborative Development, Inc. and Subsidiaries:

We have audited the consolidating financial statements of Metro West Collaborative Development, Inc. and Subsidiaries (collectively, the Organization) for the year ended December 31, 2016, and have issued our report thereon dated May 3, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 2, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Required Communications

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the consolidating financial statements. During 2016, the Organization adopted the following accounting policies:

- Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs be reported in the statement of financial position as a direct reduction from the face amount of the related notes payable.
- ASU No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which outlines management's responsibility in evaluating whether there is substantial doubt about an entity's ability to continue as a going concern, and if conditions give rise to substantial doubt, management's responsibility to consider its plan to alleviate substantial doubt.

There were no other new accounting policies adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidating financial statements in the proper period.

Accounting estimates are an integral part of the consolidating financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidating financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidating financial statements were:

- The useful lives of property and equipment, which are based on management's expectation of the period of time the class of asset will provide future economic benefit to the Organization.
- The collectability of accounts receivable and due from related parties, which is based on historical collection rates.
- Allowance for anticipated development losses, which is based on management's assessment of the development's realization.
- Estimate for the property held for sale, which is based on the net book value.

May 10, 2017

Required Communications (Continued)

Qualitative Aspects of Accounting Practices (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidating financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to consolidating financial statement users. The most sensitive disclosures affecting the consolidating financial statements were:

- The disclosure of the Organization's merger with another nonprofit subsequent to year end as described in Note 14 indicating how the Organization is securing financial stability for future years.
- The disclosure of commitments and contingencies as described in Note 11 to the consolidating financial statements.

The consolidating financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management concurs with and has corrected the attached misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidating financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 3, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's consolidating financial statements or a determination of the type of auditor's opinion that may be expressed on those consolidating statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Required Communications (Continued)

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the consolidating financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidating financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidating financial statements or to the consolidating financial statements themselves.

Other Matters for Your Information

New Financial Reporting Requirements for NFPs

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954): Presentation of Financial Statements of Not-for-Profit Entities,* to reduce the cost and complexity associated with reporting requirements and better communicate their financial performance and condition to their donors, grantors, creditors, and other stakeholders. ASU 2016-14 applies to all not-for-profit entities (NFPs) and is effective for fiscal years beginning after December 15, 2017. NFPs should apply the amendments on a retrospective basis for all years presented. However, nonprofits will have the option to omit the analysis of expenses by both functional and natural classification and the liquidity disclosures for any years presented before the year of adoption if presenting comparative financial statements. Early adoption is permitted.

The main provisions of the ASU 2016-14 require NFPs to:

- Present amounts in two classes of net assets, "net assets with donor restrictions" and "net assets without donor restrictions", instead of three classes, on the face of the statement of financial position.
- Present changes in each of the two classes of net asset (noted above) on the face of the statement of activities.
- Continue to present operating cash flows using either the direct or indirect method. If NFPs choose to use the direct method, they are no longer required to do an indirect reconciliation.
- Provide quantitative and qualitative information about financial assets available at the balance sheet date to meet cash flow needs for general expenditures within one year of the balance sheet date.
- Disclose expenses by natural and functional classification either on the face of the statement of activities, in the statement of functional expenses or in the notes to financial statements. Disclosures about the method(s) used to allocate costs among program and support functions.

FASB issued this ASU to complete phase one of the two-phase project to improve the presentation of financial statements for NFPs. The deliberations of phase two is expected to begin soon. We will continue to follow FASB's deliberations closely and keep you apprised of additional developments.

<u>Other Matters for Your Information</u> (Continued)

New Lease Accounting

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) to increase transparency and comparability of lease transactions. This ASU applies to all entities that enter into a lease. There is no significant change to the lessor accounting. The most significant change is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under existing GAAP. Other significant changes resulting from the new ASU are as follow:

- For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities, and recognize the lease expense generally on a straight-line basis over the lease term.

- The new standard makes a distinction between "operating leases" and "finance leases." For operating leases, the lessees will recognize a "right-of-use" asset and a lease liability, initially at the present value of the lease payments, which represents the right to use the underlying asset for the lease term. The lease cost is calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis. For finance leases, the lessee will similarly record the right-of-use asset and a lease liability, again at the present value of the lease payments. However, interest on the lease liability is recognized separately from the amortization of the right-of-use asset. The cash payments related to operating leases are reflected in the operating section of the statements of cash flow. Cash payments related to the principal portion of a financing lease is classified in the financing activities, and payments of interest are reflected within operating activities of the statement of cash flows.

This change takes effect for fiscal years beginning after December 15, 2019, for non-public companies. Early application will be permitted for all organizations.

In order to estimate how this change will affect your business, you should summarize all of your operating leases and consider the impact they will have on your financial statements. If the impact on your balance sheet is potentially significant, you may want to:

- Calculate your loan covenant ratios using your balance sheet as adjusted for these accounting changes to make sure you are still in compliance
- Amend existing loan agreements so the loan covenants exclude any impact from lease accounting rule changes
- Modify or change existing loan covenant definitions and calculations to specifically exclude capital leases
- Look at the impact of these changes to your expenses and the subsequent impact on any contracts, compensation agreements, etc.
- Consider if it still makes sense to lease instead of buying the asset
- Estimate the effect of this change on the timing of your expenses and re-forecast your financial results to see the full impact of the change

With respect to the transition to the new guidance, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented in the financial statements, using what is termed: a "modified retrospective approach." The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. We recommend that you consult us for further details.

<u>Other Item</u>

Prior Year Item Addressed

The following item was noted during the prior year audit and was addressed by the Organization during 2016:

- Management has set excess operating funds aside to a separate bank account to provide capital to acquire property and fund pre-development costs for development projects. Also, management has invested these funds into interest earning vehicles.

This information is intended solely for the use of the Finance Committee, Board of Directors, and management of the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

ALEXANDER, ARONSON, FINNING & CO., P.C.
Certified Public Accountants

Client: ***90004 - Metro West Collaborative Development, Inc.***
Engagement: ***90004 - Metro West Collaborative Development, Inc.***
Period Ending: ***12/31/2016***
Trial Balance: ***TB-01 - MWCDI TB***
Workpaper: ***AJE Report - MWCD***

Account	Description	W/P Ref	Debit	Credit	P & L Effect
			Unadjusted changes in net assets:		$ (133,757)
Adjusting Journal Entries JE # 1		**BB-03**			
To properly expense SJH LLC related costs.					
9989	Support to Subsidiaries Expense		3,081.00		
12500	Due from STJH LLC			3,081.00	
Total			**3,081.00**	**3,081.00**	(3,081)
Adjusting Journal Entries JE # 2		**11**			
To reserve asset managment fees due from St. Joseph Hall LLC.					
97190	Bad Debt		13,261.00		
12600	Allow. on Due fr. SJH L			13,261.00	
Total			**13,261.00**	**13,261.00**	(13,261)
			Adjusted changes in net assets:		$ (150,099)

Client: ***90004 - Metro West Collaborative Development, Inc.***
Engagement: ***90004 - Metro West Collaborative Development, Inc.***
Period Ending: ***12/31/2016***
Trial Balance: ***TB-02 - 1060 TB***
Workpaper: ***AJE Report - 1060 Belmont***

Account	Description	W/P Ref	Debit	Credit	P & L Effect
			Unadjusted changes in net assets:		$ 76,761
Adjusting Journal Entries JE # 100		***UV-02**			
To record the light fixtures received in-kind from the LEAN Program as in-kind expense.					
9995	In-Kind Expense		19,575.00		
1440-0000	Furniture, Fixtures & Equipment			19,575.00	
Total			**19,575.00**	**19,575.00**	(19,575)
			Adjusted changes in net assets:		$ 57,186

Client: ***90143 - St. Joseph Hall Apartments, LLC***
Engagement: ***90143 - St. Joseph Hall Apartments, LLC***
Period Ending: ***12/31/2016***
Trial Balance: ***TB-01 - St Joseph LLC TB***
Workpaper: ***Adjusting Journal Entries***

Account	Description	W/P Ref	Debit	Credit	P & L Effect
				Unadjusted net loss	$ (122,231)
Adjusting Journal Entries JE # 1		**UV-01**			
To properly state depreciation and amortization for 2016.					
1792-0000	Accum Amort-Other Intangible Assets		99.00		
7300-0000	Depreciation		54,858.00		
7350-0000	Amortization Exp		4,301.00		
1520-0000	Accum Depr-Building			54,858.00	
1725-0000	Accum Amort-Finance Fees			4,400.00	
Total			**59,258.00**	**59,258.00**	(59,258)
Adjusting Journal Entries JE # 2		**UV-01**			
To properly state repair expenses that was improperly capitalized.					
6457-0000	Heating/Cooling Repairs		2,475.00		
1440-0000	Furniture, Fixtures & Equipment			2,475.00	
Total			**2,475.00**	**2,475.00**	(2,475)
				Adjusted net loss	$ (183,964)

May 10, 2017

METRO WEST COLLABORATIVE DEVELOPMENT, INC.

Key Financial Ratios
For the Five Years Ended December 31, 2016

	2016		2015		2014		2013		2012	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Unrestricted Operating Revenue and Support:										
Rents	$ 137,704	40%	$ 108,230	33%	$ 103,976	8%	$ 44,765	8%	$ 16,800	7%
Contracts	88,329	26%	90,980	27%	96,804	6%	36,238	6%	59,139	26%
Program fees and other	30,154	9%	21,894	7%	22,671	3%	15,386	3%	26,033	12%
Grants and contributions	76,157	22%	100,239	30%	23,591	4%	22,426	4%	21,425	10%
Developer fee and overhead	9,702	3%	11,415	3%	5,569	79%	447,896	79%	100,704	45%
Total revenue and support	$ 342,046	100%	$ 332,758	100%	$ 252,611	100%	$ 566,711	100%	$ 224,101	100%
Unrestricted Operating Expenses:										
Housing Development	$ 159,924	33%	$ 121,888	28%	$ 160,911	37%	$ 186,561	44%	$ 135,635	36%
General and Administration	69,908	15%	67,059	16%	87,862	20%	94,878	22%	76,041	20%
Housing Programs	150,949	31%	132,946	31%	117,463	27%	57,516	13%	43,488	12%
Property Management	70,552	15%	77,184	18%	53,543	12%	26,855	6%	-	0%
Education and Outreach	28,550	6%	30,668	7%	13,082	4%	9,335	14%	18,374	32%
Total operating expenses	$ 479,883	100%	$ 429,745	100%	$ 432,861	100%	$ 375,145	100%	$ 273,538	100%
Changes in Unrestricted Net Assets from Operations Before Depreciation and Amortization	$ (137,837)		$ (96,987)		$ (180,250)		$ 191,566		$ (49,437)	
Unrestricted Operating Current Ratio:										
Current assets	357,408	1.98	674,445	14.79	134,194	2.43	569,228	3.28	133,435	3.74
Current liabilities, not including deferred revenue	180,206		45,587		55,171		173,748		35,650	
Unrestricted Debt to Equity Ratio:										
Total liabilities not including deferred revenue	334,084	(14.77)	201,922	1.58	214,077	0.92	334,586	0.79	198,405	1.84
Total unrestricted net assets	(22,626)		127,473		232,591		425,049		107,878	
Number of Months in Unrestricted Net Assets:										
Total operating expenses	479,883		429,745		432,861		375,145		273,538	
Average monthly operating expenses	39,990		35,812		36,072		31,262		22,795	
Operating net assets	(138,943)		104,174		212,697		407,955		99,603	
Number of months in operating net assets		(3.47)		2.91		5.90		13.05		4.37

METRO WEST COLLABORATIVE DEVELOPMENT, INC.
AND SUBSIDIARIES

CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

May 10, 2017

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

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December 31, 2016 and 2015

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May 10, 2017

Independent Auditor's Report

To the Board of Directors of
Metro West Collaborative Development, Inc. and Subsidiaries:

Report on the Consolidating Financial Statements

We have audited the accompanying consolidating financial statements of Metro West Collaborative Development, Inc. (a Massachusetts corporation, not for profit) and Subsidiaries (collectively, the Organization), which comprise the consolidating statements of financial position as of December 31, 2016 and 2015, and the related consolidating statements of activities, changes in entities' equity (deficit), 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 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, the consolidating financial statements referred to on page one present fairly, in all material respects, the consolidating financial position of Metro West Collaborative Development, Inc. and Subsidiaries as of December 31, 2016 and 2015, and the changes in their entities' equity (deficit) and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

During 2016, the Organization 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.

As described in Note 14 to the consolidating financial statements, the Board of Directors of the Organization merged with the Board of Directors of Citizens for Affordable Housing Newton Development Organization (CAN-DO) and now shares an interlocking Board of Directors. The consolidating financial statements do not include any adjustments that might result from the outcome of this combination. Our opinion is not modified with respect to this matter.

Wellesley, Massachusetts
May 3, 2017

Consolidating Statements of Financial Position
December 31, 2016 and 2015

	2016					2015				
Assets	**MWCD**	**1060 Belmont, Inc.**	**St. Joseph Hall Apartments LLC**	**Eliminations**	**Total**	**MWCD**	**1060 Belmont, Inc.**	**St. Joseph Hall Apartments LLC**	**Eliminations**	**Total**
Current Assets:										
Cash - operating	$ 93,563	$ 37,179	$ 12,090	$ -	$ 142,832	$ 595,398	$ 56,907	$ 8,184	$ -	$ 660,489
Certificate of deposit	201,241	-	-	-	201,241	-	-	-	-	-
Accounts receivable	35,353	3,330	47	-	38,730	45,260	6,034	406	-	51,700
Current portion of due from related party	14,000	-	79,172	(93,172)	-	19,491	2,174	100	(21,765)	-
Prepaid expenses	13,251	2,893	3,394	-	19,538	14,296	2,297	4,939	-	21,532
Total current assets	357,408	43,402	94,703	(93,172)	402,341	674,445	67,412	13,629	(21,765)	733,721
Property and Equipment:										
Land	-	420,000	-	-	420,000	-	420,000	-	-	420,000
Buildings	-	1,704,323	1,120,655	(60,851)	2,764,127	-	1,704,323	1,120,655	(60,851)	2,764,127
Building and leasehold improvements	-	2,925,121	4,162,081	(531,489)	6,555,713	-	2,925,121	3,800,213	(520,074)	6,205,260
Construction in process	-	-	-	-	-	-	-	212,360	(11,415)	200,945
Furniture, fixtures and equipment	29,993	124,787	102,548	-	257,328	25,897	122,337	98,133	-	246,367
	29,993	5,174,231	5,385,284	(592,340)	9,997,168	25,897	5,171,781	5,231,361	(592,340)	9,836,699
Less - accumulated depreciation	9,774	858,556	396,964	(56,187)	1,209,107	6,451	730,574	243,558	(43,185)	937,398
Net property and equipment	20,219	4,315,675	4,988,320	(536,153)	8,788,061	19,446	4,441,207	4,987,803	(549,155)	8,899,301
Property Held for Sale, net of accumulated depreciation	157,394	-	-	-	157,394	162,545	-	-	-	162,545
Capitalized Costs, net	28,726	29,445	13,038	-	71,209	32,514	32,778	14,124	-	79,416
Predevelopment Costs	183,404	-	-	-	183,404	-	-	-	-	-
Due from Related Party, net of current portion and allowance for doubtful accounts	72,336	-	-	(72,336)	-	72,336	-	-	(72,336)	-
Reserves	116,971	248,075	344,158	-	709,204	78,823	238,422	330,699	-	647,944
Total assets	$ 936,458	$ 4,636,597	$ 5,440,219	$ (701,661)	$ 10,311,613	$ 1,040,109	$ 4,779,819	$ 5,346,255	$ (643,256)	$ 10,522,927
Liabilities and Entities' Equity (Deficit)										
Current Liabilities:										
Current portion of mortgage notes payable	$ 2,470	$ 21,622	$ 24,408	$ -	$ 48,500	$ 2,357	$ 20,569	$ 23,489	$ -	$ 46,415
Accounts payable and accrued expenses	43,276	27,956	35,163	-	106,395	32,239	25,393	53,874	-	111,506
Accounts payable - development	49,138	-	16,156	-	65,294	-	-	546	-	546
Current portion of due to related party	79,072	5,826	21,335	(106,233)	-	4,741	2,600	14,224	(21,565)	-
Prepaid rent and current portion of deferred revenue	92,389	18	41	-	92,448	92,389	973	24	-	93,386
Total current liabilities	266,345	55,422	97,103	(106,233)	312,637	131,726	49,535	92,157	(21,565)	251,853
Refundable Grant	59,300	-	-	-	59,300	59,300	-	-	-	59,300
Mortgage Notes Payable, net	94,578	935,490	973,972	-	2,004,040	97,035	954,528	993,564	-	2,045,127
Deferred Revenue, net of current portion	538,861	-	-	-	538,861	624,575	-	-	-	624,575
Due to Related Party, net of current portion	-	-	97,711	(97,711)	-	-	-	97,711	(97,711)	-
Deferred Interest	-	-	159,909	-	159,909	-	-	104,665	-	104,665
Contingent Debt	-	3,067,683	3,239,517	(400,000)	5,907,200	-	3,254,940	3,002,187	(400,000)	5,857,127
Total liabilities	959,084	4,058,595	4,568,212	(603,944)	8,981,947	912,636	4,259,003	4,290,284	(519,276)	8,942,647
Entities' Equity (Deficit):										
Unrestricted:										
Operating	(138,943)	200,957	161,519	(369,452)	(145,919)	104,174	229,515	147,338	(213,377)	267,650
Property and equipment	116,317	377,045	710,488	(600,231)	603,619	23,299	291,301	908,633	(966,515)	256,718
Total MWCD's consolidated entities' equity (deficit)	(22,626)	578,002	872,007	(969,683)	457,700	127,473	520,816	1,055,971	(1,179,892)	524,368
Non-controlling interest	-	-	-	871,966	871,966	-	-	-	1,055,912	1,055,912
Total entities' equity (deficit)	(22,626)	578,002	872,007	(97,717)	1,329,666	127,473	520,816	1,055,971	(123,980)	1,580,280
Total liabilities and entities' equity (deficit)	$ 936,458	$ 4,636,597	$ 5,440,219	$ (701,661)	$ 10,311,613	$ 1,040,109	$ 4,779,819	$ 5,346,255	$ (643,256)	$ 10,522,927

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

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

	2016					2015				
	MWCD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Eliminations	Total	MWCD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Eliminations	Total
Unrestricted Operating Revenue and Support:										
Gross potential residential rental income, net of vacancies	$ 16,800	$ 229,067	$ 330,399	$ -	$ 576,266	$ 16,800	$ 229,044	$ 330,557	$ -	$ 576,401
Commercial rents	120,904	-	45,002	(45,002)	120,904	91,430	-	43,692	(43,692)	91,430
Contracts	88,329	-	-	-	88,329	90,980	-	-	-	90,980
Grants and contributions	76,157	-	-	-	76,157	93,728	-	-	-	93,728
Program fees and other	30,154	22,135	3,753	(18,661)	37,381	21,894	4,468	1,511	(18,275)	9,598
Developer fees and overhead	9,702	-	-	-	9,702	11,415	-	-	(11,415)	-
Net assets released from restrictions	-	-	-	-	-	6,511	-	-	-	6,511
Total operating revenue and support	342,046	251,202	379,154	(63,663)	908,739	332,758	233,512	375,760	(73,382)	868,648
Operating Expenses:										
Program services:										
Housing Programs	150,949	-	-	-	150,949	132,946	-	-	-	132,946
Education and Outreach	28,550	-	-	-	28,550	30,668	-	-	-	30,668
Property Management	70,552	-	-	(58,263)	12,289	77,184	-	-	(69,067)	8,117
Housing Development	159,924	-	-	-	159,924	121,888	-	-	-	121,888
1060 Belmont, Inc.	-	249,958	-	(5,400)	244,558	-	252,191	-	(5,400)	246,791
St. Joseph Hall	-	-	353,382	(13,261)	340,121	-	-	380,399	(12,875)	367,524
Total program services	409,975	249,958	353,382	(76,924)	936,391	362,686	252,191	380,399	(87,342)	907,934
General and administration	69,908	-	-	-	69,908	67,059	-	-	-	67,059
Total operating expenses before depreciation and amortization	479,883	249,958	353,382	(76,924)	1,006,299	429,745	252,191	380,399	(87,342)	974,993
Depreciation and amortization	12,262	131,315	154,492	(13,002)	285,067	8,131	131,130	142,634	(13,002)	268,893
Total operating expenses	492,145	381,273	507,874	(89,926)	1,291,366	437,876	383,321	523,033	(100,344)	1,243,886
Changes in unrestricted net assets from operations	(150,099)	(130,071)	(128,720)	26,263	(382,627)	(105,118)	(149,809)	(147,273)	26,962	(375,238)
Other Revenue (Expenses):										
Debt forgiveness	-	187,257	-	-	187,257	-	187,257	-	-	187,257
Deferred interest	-	-	(55,244)	-	(55,244)	-	-	(36,239)	-	(36,239)
Total other revenue (expenses)	-	187,257	(55,244)	-	132,013	-	187,257	(36,239)	-	151,018
Changes in unrestricted net assets	(150,099)	57,186	(183,964)	26,263	(250,614)	(105,118)	37,448	(183,512)	26,962	(224,220)
Changes in Temporarily Restricted Net Assets:										
Net assets released from program restrictions	-	-	-	-	-	(6,511)	-	-	-	(6,511)
Changes in temporarily restricted net assets	-	-	-	-	-	(6,511)	-	-	-	(6,511)
Changes in net assets	(150,099)	57,186	(183,964)	26,263	(250,614)	(111,629)	37,448	(183,512)	26,962	(230,731)
Changes in Net Assets Attributable to Non-Controlling Interest	-	-	183,946	-	183,946	-	-	183,494	-	183,494
Changes in net assets attributable to MWCD	$ (150,099)	$ 57,186	$ (18)	$ 26,263	$ (66,668)	$ (111,629)	$ 37,448	$ (18)	$ 26,962	$ (47,237)

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statements of Changes in Entities' Equity (Deficit)
For the Years Ended December 31, 2016 and 2015

	MWCD Operating	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Eliminations	Non-Controlling Interest	Total
Entities' Equity (Deficit), December 31, 2014	$ 239,102	$ 483,368	$ 1,210,610	$ (1,361,475)	$ 1,210,533	$ 1,782,138
Changes in net assets	(111,629)	37,448	(183,512)	210,456	(183,494)	(230,731)
Capital contributions	-	-	28,873	(28,873)	28,873	28,873
Entities' Equity (Deficit), December 31, 2015	127,473	520,816	1,055,971	(1,179,892)	1,055,912	1,580,280
Changes in net assets	(150,099)	57,186	(183,964)	210,209	(183,946)	(250,614)
Entities' Equity (Deficit), December 31, 2016	$ (22,626)	$ 578,002	$ 872,007	$ (969,683)	$ 871,966	$ 1,329,666

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

May 10, 2017

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

	2016					2015				
	MWCD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Eliminations	Total	MWCD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Eliminations	Total
Cash Flows from Operating Activities:										
Changes in net assets	$ (150,099)	$ 57,186	$ (183,964)	$ 26,263	$ (250,614)	$ (111,629)	$ 37,448	$ (183,512)	$ 26,962	$ (230,731)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:										
Depreciation and amortization	12,262	131,315	154,492	(13,002)	285,067	8,131	131,130	142,634	(13,002)	268,893
Interest - amortization of debt issuance costs	-	2,585	4,840	-	7,425	-	2,585	4,840	-	7,425
Bad debt	13,261	4,651	469	(13,261)	5,120	25,375	3,414	-	(25,375)	3,414
Debt forgiveness	-	(187,257)	-	-	(187,257)	-	(187,257)	-	-	(187,257)
Deferred interest	-	-	55,244	-	55,244	-	-	36,239	-	36,239
Changes in operating assets and liabilities:										
Accounts receivable	9,907	(1,947)	(110)	-	7,850	(14,276)	(1,099)	(336)	-	(15,711)
Due from related party	68,302	2,174	(79,072)	8,596	-	(30,521)	6,813	5,630	18,078	-
Prepaid expenses	1,045	(596)	1,545	-	1,994	3,803	537	1,625	-	5,965
Accounts payable and accrued expenses	11,037	2,563	(18,711)	-	(5,111)	(4,776)	(4,934)	2,891	-	(6,819)
Prepaid rent and deferred revenue	(85,714)	(955)	17	-	(86,652)	710,714	920	24	-	711,658
Net cash provided by (used in) operating activities	(119,999)	9,719	(65,250)	8,596	(166,934)	586,821	(10,443)	10,035	6,663	593,076
Cash Flows from Investing Activities:										
Net withdrawal from (deposit to) reserves	(38,148)	(9,653)	(13,459)	-	(61,260)	(32,104)	13,584	(141,988)	-	(160,508)
Purchase of property and equipment	(4,096)	(2,450)	(62,241)	-	(68,787)	(9,303)	(3,446)	(197,661)	11,415	(198,995)
Cash paid for financing fees	-	-	-	-	-	(32,514)	-	-	-	(32,514)
Purchase of certificate of deposit	(201,241)	-	-	-	(201,241)	-	-	-	-	-
Cash paid for predevelopment costs	(134,266)	-	-	-	(134,266)	-	-	-	-	-
Net cash provided by (used in) investing activities	(377,751)	(12,103)	(75,700)	-	(465,554)	(73,921)	10,138	(339,649)	11,415	(392,017)
Cash Flows from Financing Activities:										
Net payments on mortgage notes payable	(2,344)	(20,570)	(260,843)	-	(283,757)	(2,233)	(19,568)	(22,627)	-	(44,428)
Proceeds from mortgage notes payable	-	-	161,258	-	161,258	-	-	-	-	-
Net proceeds on contingent debt	-	-	237,330	-	237,330	-	-	279,199	-	279,199
Capital contributions	-	-	-	-	-	-	-	28,873	-	28,873
Due to related party	(1,741)	3,226	7,111	(8,596)	-	(9,021)	-	27,099	(18,078)	-
Net cash provided by (used in) financing activities	(4,085)	(17,344)	144,856	(8,596)	114,831	(11,254)	(19,568)	312,544	(18,078)	263,644
Net Change in Cash	(501,835)	(19,728)	3,906	-	(517,657)	501,646	(19,873)	(17,070)	-	464,703
Cash - operating:										
Beginning of year	595,398	56,907	8,184	-	660,489	93,752	76,780	25,254	-	195,786
End of year	$ 93,563	$ 37,179	$ 12,090	$ -	$ 142,832	$ 595,398	$ 56,907	$ 8,184	$ -	$ 660,489
Supplemental Disclosure of Cash Flow Information:										
Cash paid for interest:										
Expensed	$ 4,596	$ 50,291	$ 42,331	$ -	$ 97,218	$ 4,707	$ 51,292	$ 43,215	$ -	$ 99,214
Accounts payable - development	$ 49,138	$ -	$ 16,156	$ -	$ 65,294	$ -	$ -	$ 546	$ -	$ 546
Construction in process placed in service	$ -	$ -	$ 361,868	$ -	$ 361,868	$ -	$ -	$ -	$ -	$ -
Proceeds from mortgage notes payable netted with due from related property and equipment	$ -	$ -	$ 76,072	$ -	$ 76,072	$ -	$ -	$ -	$ -	$ -
Non-Cash Transactions:										
Debt forgiveness on contingent debt	$ -	$ 187,257	$ -	$ -	$ 187,257	$ -	$ 187,257	$ -	$ -	$ 187,257

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2016
(With Summarized Comparative Totals for the Year Ended December 31, 2015)

	2016											2015
	MWCD											
	Program Services											
	Housing Programs	Education and Outreach	Property Management	Housing Development	Total Program Services	General and Adminis-tration	Total MWCD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Eliminations	Total	Total
Operating Expenses:												
Personnel and related:												
Salaries	$ 91,436	$ 5,501	$ 2,532	$ 66,437	$ 165,906	$ 27,198	$ 193,104	$ 30,770	$ 54,830	$ -	$ 278,704	$ 242,484
Payroll taxes and fringe benefits	10,346	912	684	9,440	21,382	3,889	25,271	10,625	21,290	-	57,186	48,921
Contract labor	4,375	729	729	5,833	11,666	2,917	14,583	-	-	-	14,583	12,912
Total personnel and related	106,157	7,142	3,945	81,710	198,954	34,004	232,958	41,395	76,120	-	350,473	304,317
Occupancy:												
Interest	-	-	-	4,596	4,596	-	4,596	50,291	42,331	-	97,218	99,214
Utilities	-	-	-	1,148	1,148	-	1,148	33,648	57,407	-	92,203	114,032
Maintenance	500	83	83	3,256	3,922	334	4,256	41,200	25,810	-	71,266	94,497
Taxes	-	-	-	4,594	4,594	-	4,594	14,481	39,158	-	58,233	47,517
Rent	15,525	2,588	2,588	20,700	41,401	10,348	51,749	-	-	-	51,749	47,397
Property insurance	-	-	-	-	-	-	-	9,904	22,962	-	32,866	35,098
Condo fees	-	-	-	1,135	1,135	-	1,135	-	22,012	-	23,147	22,668
Total occupancy	16,025	2,671	2,671	35,429	56,796	10,682	67,478	149,524	209,680	-	426,682	460,423
Other:												
Professional fees	10,355	12,204	1,339	19,570	43,468	16,041	59,509	6,282	17,033	-	82,824	106,065
Property management fee	-	-	-	-	-	-	-	12,185	17,793	-	29,978	29,960
In-kind	-	-	-	2,240	2,240	-	2,240	19,575	-	-	21,815	-
Supplies	2,701	991	176	1,504	5,372	2,257	7,629	3,524	5,492	-	16,645	14,584
Miscellaneous	3,993	62	3,143	548	7,746	1,628	9,374	2,183	1,615	-	13,172	4,609
Printing and postage	6,110	3,188	188	1,553	11,039	1,798	12,837	-	-	-	12,837	8,353
Program expense	-	-	-	9,495	9,495	-	9,495	50	2,433	-	11,978	6,930
Telephone	832	139	139	1,109	2,219	553	2,772	2,604	4,646	-	10,022	9,363
Insurance	2,718	453	453	4,073	7,697	1,912	9,609	-	-	-	9,609	10,146
Interest - amortization of debt issuance costs	-	-	-	-	-	-	-	2,585	4,840	-	7,425	7,425
Bad debt	-	-	13,261	-	13,261	-	13,261	4,651	469	(13,261)	5,120	3,414
Payroll fees	1,200	200	200	1,600	3,200	799	3,999	-	-	-	3,999	3,944
Memberships	388	1,065	35	293	1,781	189	1,970	-	-	-	1,970	1,557
Travel	470	435	-	800	1,705	45	1,750	-	-	-	1,750	3,903
Asset management fees	-	-	-	-	-	-	-	5,400	13,261	(18,661)	-	-
Commercial rent	-	-	45,002	-	45,002	-	45,002	-	-	(45,002)	-	-
Total other	28,767	18,737	63,936	42,785	154,225	25,222	179,447	59,039	67,582	(76,924)	229,144	210,253
Total operating expenses before depreciation and amortization	150,949	28,550	70,552	159,924	409,975	69,908	479,883	249,958	353,382	(76,924)	1,006,299	974,993
Depreciation and amortization	692	115	115	10,876	11,798	464	12,262	131,315	154,492	(13,002)	285,067	268,893
Total operating expenses	$ 151,641	$ 28,665	$ 70,667	$ 170,800	$ 421,773	$ 70,372	$ 492,145	$ 381,273	$ 507,874	$ (89,926)	$ 1,291,366	$ 1,243,886

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

May 10, 2017

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

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

	MWCD										
	Program Services										
	Housing Programs	Education and Outreach	Property Management	Housing Development	Total Program Services	General and Adminis-tration	Total MWCD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Eliminations	Total
Operating Expenses:											
Personnel and related:											
Salaries	$ 73,016	$ 4,910	$ 2,242	$ 36,711	$ 116,879	$ 28,710	$ 145,589	$ 29,112	$ 67,783	$ -	$ 242,484
Payroll taxes and fringe benefits	8,901	884	679	7,147	17,611	4,789	22,400	7,119	19,402	-	48,921
Contract labor	3,873	646	646	5,165	10,330	2,582	12,912	-	-	-	12,912
Total personnel and related	85,790	6,440	3,567	49,023	144,820	36,081	180,901	36,231	87,185	-	304,317
Occupancy:											
Interest	-	-	-	4,707	4,707	-	4,707	51,292	43,215	-	99,214
Utilities	-	-	-	446	446	-	446	47,725	65,861	-	114,032
Maintenance	317	53	53	1,454	1,877	212	2,089	53,721	38,687	-	94,497
Taxes	-	-	-	1,190	1,190	-	1,190	14,234	32,093	-	47,517
Rent	11,892	2,370	2,370	21,285	37,917	9,480	47,397	-	-	-	47,397
Property insurance	-	-	-	-	-	-	-	11,202	23,896	-	35,098
Condo fees	-	-	-	960	960	-	960	-	21,708	-	22,668
Total occupancy	12,209	2,423	2,423	30,042	47,097	9,692	56,789	178,174	225,460	-	460,423
Other:											
Professional fees	21,334	18,491	1,222	29,255	70,302	10,362	80,664	7,360	18,041	-	106,065
Property management fee	-	-	-	-	-	-	-	12,264	17,696	-	29,960
In-kind	-	-	-	-	-	-	-	-	-	-	-
Supplies	1,741	1,175	265	1,065	4,246	1,134	5,380	2,972	6,232	-	14,584
Miscellaneous	461	162	-	-	623	982	1,605	1,406	1,598	-	4,609
Printing and postage	2,591	1,217	204	1,798	5,810	2,543	8,353	-	-	-	8,353
Program expense	-	-	-	4,105	4,105	-	4,105	99	2,726	-	6,930
Telephone	884	154	154	1,278	2,470	861	3,331	2,286	3,746	-	9,363
Insurance	6,793	240	239	1,916	9,188	958	10,146	-	-	-	10,146
Interest - amortization of debt issuance costs	-	-	-	-	-	-	-	2,585	4,840	-	7,425
Bad debt	-	-	25,375	-	25,375	-	25,375	3,414	-	(25,375)	3,414
Payroll fees	-	-	-	-	-	3,944	3,944	-	-	-	3,944
Memberships	609	293	43	363	1,308	249	1,557	-	-	-	1,557
Travel	534	73	-	3,043	3,650	253	3,903	-	-	-	3,903
Asset management fees	-	-	-	-	-	-	-	5,400	12,875	(18,275)	-
Commercial rent	-	-	43,692	-	43,692	-	43,692	-	-	(43,692)	-
							-				
Total other	34,947	21,805	71,194	42,823	170,769	21,286	192,055	37,786	67,754	(87,342)	210,253
Total operating expenses before depreciation and amortization	132,946	30,668	77,184	121,888	362,686	67,059	429,745	252,191	380,399	(87,342)	974,993
Depreciation and amortization	705	117	117	6,722	7,661	470	8,131	131,130	142,634	(13,002)	268,893
Total operating expenses	$ 133,651	$ 30,785	$ 77,301	$ 128,610	$ 370,347	$ 67,529	$ 437,876	$ 383,321	$ 523,033	$ (100,344)	$ 1,243,886

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

1. OPERATIONS AND NONPROFIT STATUS

Operations

Metro West Collaborative Development, Inc. (MWCD) was formed in 1991 to address the shrinking supply of affordable housing in our community. MWCD has a 23-town target area including: Bedford, Belmont, Bolton, Boxborough, Brookline, Concord, Framingham, Hudson, Lexington, Lincoln, Littleton, Medway, Natick, Needham, Newton, Norwell, Stow, Sudbury, Waltham, Watertown, Wayland, Wellesley, and Weston, Massachusetts. This list may be modified from time to time by the Board of Directors to respond to unique community needs or opportunities. The mission of MWCD is to organize residents, mobilize resources, and identify ideas that improve the quality of life for residents of Metro West communities.

We accomplish this by:

1) Creating and preserving affordable homes;
2) Supporting economic development that strengthens neighborhoods, towns and our region; and
3) Building alliances with partners and constituencies throughout the region in order to increase awareness and build support for community development.

The accompanying consolidating financial statements also include the following subsidiaries:

1060 Belmont, Inc.

1060 Belmont, Inc. (1060 Belmont) is a nonprofit organization established in March 2010 to own, develop, manage, and lease eighteen residential units of affordable housing in Watertown, Massachusetts (the Property). MWCD appoints 1060 Belmont's Board of Directors.

St. Joseph Hall Apartments LLC

St. Joseph Hall Apartments LLC (the LLC) is a Massachusetts limited liability company which was organized on May 22, 2013, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of twenty-five units of elderly rental housing and two commercial units located in Watertown, Massachusetts (St. Joseph Hall).

Nonprofit Status

MWCD and 1060 Belmont are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). MWCD and 1060 Belmont are also exempt from state income taxes. Donors may deduct contributions made to MWCD and 1060 Belmont within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

MWCD and its Subsidiaries (collectively, the Organization) prepare their consolidating financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidating financial statements include the accounts of MWCD, 1060 Belmont, the LLC, and SJH, LLC (see Note 10). All significant balances between classes of net assets, intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements.

The accompanying consolidating financial statements do not include the non-controlling interest in SJH, LLC, since the amount is not material to the accompanying consolidating financial statements.

Accounting Principle Adoption

During 2016, the Organization adopted the FASB's Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs be reported in the consolidating statements of financial position as a direct reduction from the carrying amount of the mortgage notes payable. Previously, the Organization 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 mortgage notes payable at December 31, 2015, by $131,626.

In addition, amortization of debt issuance costs is required to be included with interest expense in the accompanying consolidating statements of functional expenses. Accordingly, amortization expense totaling $7,425 during 2015, has been reclassified to be included in interest - amortization of debt issuance costs in the accompanying consolidating statement of functional expenses.

The adoption of this ASU did not impact the Organization's entities' equity (deficit), changes in net assets or cash flow for the years ended December 31, 2016 and 2015.

Unamortized Debt Issuance Costs

Unamortized debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

Certificate of Deposit

The Organization's certificate of deposit as of December 31, 2016, consisted of a one year term deposit with a maturity date of May 2017 that automatically renews, and yields 1% interest.

Estimates

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Rents are recorded over the lease term. Contracts, program and developer fees and overhead are recorded when services are provided and costs are incurred. Unrestricted grants and contributions are recorded as unrestricted revenue and net assets when received or unconditionally committed.

Donor restricted grants and contributions (i.e. grants and contributions with time or purpose restrictions) are recognized as temporarily restricted revenue and net assets when received or unconditionally pledged. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the amounts are shown as net assets released from restrictions in the accompanying consolidating statements of activities. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets.

Funds received in advance of the fiscal year in which the initiatives will take place, if any, are recorded as deferred revenue.

All other revenue is recognized as earned.

Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and support and operating expenses on the accompanying consolidating statements of activities. Other revenue (expenses) include debt forgiveness and deferred interest.

Description of Entities' Equity (Deficit)

Unrestricted:

Unrestricted entities' equity (deficit) are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its unrestricted entities' equity (deficit) into the following categories:

Operating - consists of amounts relating to program and other operating activities and are currently available for operations.

Property and equipment - reflects the net book value of the Organization's property and equipment and reserves, net of related debt.

Temporarily Restricted:

Temporarily restricted equity represents amounts received or committed with donor restrictions that have not yet been expended for their designated purpose. The entire balance of temporarily restricted equity was released as unrestricted contributions in 2015.

Non-Controlling Interest:

Non-controlling interest represents the non-controlling interest in the LLC (see Note 10), which is owned by an unrelated investor.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. MWCD has reserved a note receivable from the LLC (see Note 7) and several intercompany advances (see Note 10) There was no allowance for doubtful accounts as of December 31, 2016 and 2015 for unrelated parties.

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at fair market value at the date of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

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

	Estimated Useful Lives
Buildings	40 years
Building and leasehold improvements	7 - 40 years
Furniture, fixtures and equipment	5 - 10 years

Depreciation expense was $276,860 and $263,843 for the years ended December 31, 2016 and 2015, respectively. Depreciation expense for 2016 and 2015, includes $5,151 of depreciation related to property held for sale (see Note 5).

During 2015, the Organization began a capital project to replace a roof on St. Joseph Hall for an anticipated cost of approximately $420,000. This project was funded by additional proceeds on the note payable from the Town of Watertown of $185,000 under the Affordable Housing Development Fund program (see Note 7). The Town of Watertown has also awarded the Organization an additional loan of $237,330 under the HOME Funds program, which was received during 2016. The Organization completed the roof replacement with savings to the capital project in April 2016. The roof was under construction as of December 31, 2015, and is reflected as construction in process on the accompanying 2015 statement of financial position.

Capitalized Costs and Amortization

Capitalized costs are being amortized over the related commitment term (see Note 8).

Predevelopment Costs

During 2016, MWCD entered into purchase and sale agreements to purchase two parcels in Medway, MA, with the purpose to create 48 family rental apartments (Medway Project). Receipt of zoning approvals is anticipated for May 2017, and then the project will be submitted for consideration in the fall of 2017, One Stop round for Low Income Housing Tax Credits (LIHTC) and other Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD) subsidy programs. Construction is expected to begin in 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Predevelopment Costs (Continued)

During 2016, MWCD was designated the developer of a town-owned site in Norwell, MA. The project will create 18 units of elderly rental housing (Norwell Project). Ten of the units will serve low-income households and eight will serve households at 100% of the area median income. The site has already received a commitment of $1.2 million in Community Preservation Act funds and its site eligibility from DHCD. Zoning approval is expected in May 2017, and then the project will be submitted for consideration in the fall of 2017, One Stop round for a variety of DHCD subsidy programs. Construction is expected to begin in 2018.

Costs incurred during 2016 in relation to these projects in the amount of $183,404 (Medway Project - $121,850 and Norwell Project - $61,554) are capitalized and are shown as predevelopment costs in the accompanying consolidating statement of financial position as of December 31, 2016.

Expense Allocation

The consolidating financial statements present expenses by functional classification in accordance with the overall service mission of the Organization. Each functional classification displays all expenses related to the underlying operations by natural classification. Expenses are allocated among program services and general and administration costs on the basis of the time records and on estimates made by the Organization's management.

Subsequent Events

Subsequent events have been evaluated through May 3, 2017, which is the date the consolidating financial statements were available to be issued. There was a subsequent event which has been disclosed in Note 14.

Income Taxes

The Organization accounts 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. The Organization has 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.

As described on page 8, MWCD is exempt from income taxes under Section 501(c)(3) of the IRC. SJH, LLC (see Note 10) had, for Federal and state income tax purposes, net operating loss carryforwards of approximately $4,200 and $3,000 available to offset future taxable income as of December 31, 2016 and 2015, respectively. The net operating loss carryforwards expire at various dates through 2036.

SJH, LLC accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard does not have a material effect on the consolidating financial statements for 2016 and 2015, since the tax benefit of the net operating loss carryforwards have been fully reserved.

The LLC is taxed as a partnership. No income tax provision has been included in the consolidating financial statements for the LLC, as the income, loss and credits are reported by the partners on their respective income tax returns.

3. LEASE COMMITMENTS

MWCD leases its office space under an agreement that commenced in August 2014 and expires on July 31, 2019, with an option to extend. Rents increase annually. MWCD is responsible for utilities, property taxes and routine maintenance. Total rent expense for the office space was $51,749 and $47,397 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments are:

2017	$ 51,567
2018	$ 53,650
2019	$ 32,005

MWCD also leases two commercial spaces from the LLC (see Note 10).

4. LINE OF CREDIT

MWCD had a line of credit with the Massachusetts Housing Partnership Fund Board that allowed for borrowings up to $200,000. Interest on outstanding balances accrued at the prime rate, less 1%. The line of credit was unsecured and MWCD was required to meet certain covenants. MWCD made approximately $600 in interest payments during 2015. The line of credit expired in May 2015, and was not renewed.

5. PROPERTY HELD FOR SALE/REFUNDABLE GRANT

MWCD purchased an affordable condominium unit (the Project) during 2009, for $172,848, with the goal to resell it. Due to the years of weak housing market, the Project has not been sold and is currently being rented to a tenant-at-will. All notes/mortgages associated with the Project will be paid off with the proceeds from the sale. As of December 31, 2016 and 2015, the Project and associated closing costs, net of accumulated depreciation ($15,454 and $10,303 as of December 31, 2016 and 2015, respectively), are shown as property held for sale in the accompanying consolidating statements of financial position. In connection with this purchase, MWCD received a refundable grant totaling $59,300 from the Town of Watertown (the Town). This refundable grant is due to be repaid upon the eventual sale of the Project. MWCD also financed this acquisition with a note payable to a bank (see Note 6). MWCD began depreciating the Project in 2014, because it is not anticipated to be sold in the near future.

6. MORTGAGE NOTES PAYABLE

	2016	2015
Metro West Collaborative Development, Inc.		
4.67% note payable to Belmont Savings Bank, due in monthly principal and interest installments of $578 through December 2019, with a balloon payment of approximately $90,000 due in December 2019. The note is secured by a first mortgage on the property located at 28 Quimby Street, Watertown, Massachusetts (see Note 5).	$ 97,048	$ 99,392
1060 Belmont, Inc.		
5% note payable to Watertown Savings Bank (WSB), due in monthly principal and interest installments of $5,905 through February 2031. There is a balloon payment of $560,729 due on March 17, 2031. The note is secured by a first mortgage on the Property.	994,593	1,015,163

6. MORTGAGE NOTES PAYABLE (Continued)

	2016	2015
St. Joseph Hall Apartments LLC		
Mortgage note payable with Dominican Sisters of Peace, Inc. This note bears interest at 3.76% per annum. Principal and interest are due in monthly installments of $3,339 through April 1, 2030, at which time a balloon payment of approximately $384,000 will be due. This note is secured by a second mortgage on St. Joseph Hall. This note was assumed as part of the acquisition of St. Joseph Hall from MWCD (see Note 10).	652,558	667,773
Mortgage note payable with Massachusetts Development Finance Agency (MDFA) and WSB in connection with the issuance of $450,000 of MDFA Multifamily Housing Revenue Bonds St. Joseph Hall Issue, Series 2013B, with interest at 4%. Principal and interest are due in monthly installments of $2,148 through November 1, 2034, at which time a balloon payment of approximately $212,000 will be due. This note is secured by a first mortgage on St. Joseph Hall.	432,542	440,840
	2,176,741	2,223,168
Less – unamortized debt issuance costs for 1060 Belmont, Inc.	37,481	40,066
Less – unamortized debt issuance costs for St. Joseph Hall Apartments LLC	86,720	91,560
Less – current portion	48,500	46,415
Total mortgage notes payable, net	$ 2,004,040	$ 2,045,127

The debt issuance costs of $148,501 are amortized on the straight-line basis over the term of the loans (twenty years). Amortization of debt issuance costs was $7,425 for the years ended December 31, 2016 and 2015, and is expected to be the same for the remainder of the term.

The mortgage notes payable contain various covenants and restrictions on the Organization, as described in the agreements. As of December 31, 2016 and 2015, the Organization was not in compliance with certain financial covenants and has received a waiver from WSB.

Maturities of mortgage notes payable over the next five years are as follows:

2017	$ 48,500
2018	$ 50,679
2019	$ 142,238
2020	$ 52,501
2021	$ 54,858

7. CONTINGENT DEBT

Contingent debt consists of the following at December, 31:

	2016	2015
1060 Belmont, Inc.		
Non-interest bearing note payable to the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD) under the Tax Credit Exchange Program (TC-X Program). Payments may be due under the note agreement if there is a recapture event pursuant to TC-X Program requirements, as defined in the agreement. The note is secured by a shared second mortgage on the Property. This note is subject to annual debt forgiveness of $187,257 beginning in 2012, for the next fifteen years, as long as the Property is in compliance with the TC-X Program requirements. The Property was in compliance in 2016 and 2015, and $187,257 was forgiven in both years. Any amounts outstanding as of December 31, 2026, will be forgiven provided 1060 Belmont is in compliance with the TC-X Program requirements.	$ 1,872,572	$ 2,059,829
Non-interest bearing note payable to the Town under the HOME program. This note is due in December 2025, but may be fully forgiven at maturity. No payments are due prior to the maturity date provided the Property is operated as affordable housing. The note is secured by a shared second mortgage on the Property.	760,111	760,111
Non-interest bearing note payable to Community Economic Development Assistance Corporation (CEDAC). Annual payments are due if gross receipts exceed 105% of gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2040, and is secured by a shared second mortgage on the Property. There were no payments due at December 31, 2016 and 2015.	435,000	435,000
St. Joseph Hall Apartments LLC		
Non-interest bearing mortgage note payable to Massachusetts Housing Partnership Fund under the Capital Improvement and Preservation Fund Program. This note is due in full on February 20, 2054, and is secured by a shared third mortgage on St. Joseph Hall.	969,296	969,296
Mortgage note payable with the Town under the HOME program. This note bears simple interest at 4.5%. Outstanding principal and interest are due on March 6, 2032. The LLC amended this loan during 2016 to allow for an additional borrowing of $237,330 to finance the replacement of St. Joseph Hall's roof (see page 19). This note is secured by a shared third mortgage on St. Joseph Hall.	903,971	666,641

7. CONTINGENT DEBT (Continued)

St. Joseph Hall Apartments LLC (Continued)	**2016**	**2015**
Non-interest bearing mortgage note payable with CEDAC under the Housing Innovations Fund (HIF) program. Payments of principal are due in February each year to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. There were no payments due as of December 31, 2016 and 2015. Outstanding principal is due on February 20, 2044. This note is secured by a shared third mortgage on St. Joseph Hall.	450,471	450,471
Non-interest bearing mortgage note payable with MWCD (FHLBB AHP Loan). Outstanding principal is due on August 19, 2028. This note is secured by a fourth mortgage on St. Joseph Hall. MWCD has fully reserved this note and it is being eliminated on the statement of financial position.	400,000	400,000
Mortgage note payable with the Town under the Affordable Housing Development Fund program. This note bears simple interest at 4.5%. Outstanding principal and interest are due on August 19, 2033. This note is secured by a shared third mortgage on St. Joseph Hall. The Organization amended this loan on October 21, 2015, to allow for an additional borrowing of $185,000 to finance improvements to St. Joseph Hall's roof (see page 19).	323,665	323,665
Non-interest bearing mortgage note payable with CEDAC under the Facilities Consolidation Fund (FCF) program. Payments of principal are due in February each year to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. There were no payments due as of December 31, 2016 and 2015. Outstanding principal is due on February 20, 2044. This note is secured by a shared third mortgage on St. Joseph Hall.	192,114	192,114
	6,307,200	6,257,127
Less - eliminations	400,000	400,000
Total contingent debt, net of eliminations	$ 5,907,200	$ 5,857,127

8. CAPITALIZED COSTS

Capitalized costs consist of the following at December 31:

2016	MWCD	1060 Belmont	The LLC
Asset management fee	$ -	$ 50,000	$ -
Low-income housing tax credit application fees	-	-	16,296
Legal fees	33,145	-	-
	33,145	50,000	16,296
Less - accumulated amortization	4,419	20,555	3,258
Capitalized costs, net	$ 28,726	$ 29,445	$ 13,038

8. CAPITALIZED COSTS (Continued)

Capitalized costs consist of the following at December 31:

2015	MWCD	1060 Belmont	The LLC
Asset management fee	$ -	$ 50,000	$ -
Low-income housing tax credit application fees	-	-	16,296
Legal fees	33,145	-	-
	33,145	50,000	16,296
Less - accumulated amortization	631	17,222	2,172
Capitalized costs, net	$ 32,514	$ 32,778	$ 14,124

Amortization expense for 1060 Belmont was $3,333 for the years ended December 31, 2016 and 2015. Amortization expense for the LLC was $1,086 for the years ended December 31, 2016 and 2015. Amortization for MWCD was $3,788 and $631 for the years ended December 31, 2016 and 2015, respectively.

9. RESERVES

Reserves consist of the following at December 31, 2016:

	MWCD	1060 Belmont	The LLC	Total
Operating reserve	$ -	$ 186,346	$ 300,238	$ 486,584
Asset management fee reserve	-	5,009	-	5,009
Capital needs reserve	-	56,720	-	56,720
Replacement reserve	-	-	43,920	43,920
Master lease reserve	116,971	-	-	116,971
	$ 116,971	$ 248,075	$ 344,158	$ 709,204

Reserves consist of the following at December 31, 2015:

	MWCD	1060 Belmont	The LLC	Total
Operating reserve	$ -	$ 186,067	$ 300,088	$ 486,155
Asset management fee reserve	-	5,007	-	5,007
Capital needs reserve	-	47,348	-	47,348
Replacement reserve	-	-	30,611	30,611
Master lease reserve	78,823	-	-	78,823
	$ 78,823	$ 238,422	$ 330,699	$ 647,944

Operating Reserves

Under the provisions of the TC-X Loan agreement, 1060 Belmont is required to maintain an operating reserve to fund future operating deficits. The balance of this reserve totaled $186,346 and $186,067 as of December 31, 2016 and 2015, respectively. Withdrawals from this reserve require DHCD's approval. There were no withdrawals during 2016. During 2015, $15,350 was withdrawn to pay for snow removal.

9. RESERVES (Continued)

Operating Reserves (Continued)

Under the provisions of the operating agreement, the LLC is required to maintain an operating reserve to fund future operating deficits. The LLC is required to maintain a $300,000 minimum balance in this reserve. The operating reserve was adequately funded as of December 31, 2016 and 2015.

Asset Management Fee Reserve

1060 Belmont established an asset management fee reserve to fund future asset management services. The balance of this reserve was $5,009 and $5,007 as of December 31, 2016 and 2015, respectively.

Capital Needs Reserve

1060 Belmont established a capital needs reserve to fund future capital improvements to the Property. The balance of this reserve totaled $56,720 and $47,348 as of December 31, 2016 and 2015, respectively. 1060 Belmont is required to deposit $750 monthly into the reserve account. There were no withdrawals during 2016. During 2015, Boston Capital (asset manager for 1060 Belmont) approved a withdrawal in the amount of $7,893 to pay for 2014 repairs and several property and equipment additions.

Replacement Reserve

Under the provisions of the LLC's operating agreement, the LLC is required to establish and maintain a replacement reserve to fund future capital improvements to St. Joseph Hall. The replacement reserve was adequately funded as of December 31, 2016 and 2015. There were no withdrawals made during 2016 or 2015.

Master Lease Reserve

Under the provisions of the Master Lease Agreement (see Note 10), MWCD is required to establish and maintain a reserve to fund future rental payments to the LLC in the event proceeds received from subtenants of the commercial space are insufficient. Deposits are to equal seventy-five percent of the positive difference between the proceeds MWCD receives from subtenants of the space and the amount of rent paid by MWCD to the LLC. MWCD is required to fund this reserve until it reaches a balance of $125,000. The balance of this reserve totaled $116,971 and $78,823 at December 31, 2016 and 2015, respectively. The account was underfunded by $8,029 as of December 31, 2016. This amount will be deposited during 2017. The account was funded adequately during 2015.

10. RELATED PARTY TRANSACTIONS

MWCD's consolidating financial statements include the following entities and related party transactions:

1060 Belmont

1060 Belmont owed MWCD $5,826 and $426 for certain operating expenses and asset management service fees as of December 31, 2016 and 2015, respectively. These amounts are included in due to and due from related party in the accompanying consolidating statements of financial position.

During 2016 and 2015, MWCD provided asset management services to 1060 Belmont and received compensation equal to $300 per unit. MWCD earned $5,400 in asset management fees in 2016 and 2015.

SJH, LLC

SJH, LLC is a Massachusetts limited liability company. SJH, LLC has a 0.01% interest in the capital, income, losses, credits, and cash flow of the LLC as its managing member. SJH, LLC made a capital contribution of $100 to the LLC. MWCD holds a 79% interest in SJH, LLC. MWCD made a capital contribution of $100 to SJH, LLC, which has been fully reserved.

St. Joseph Hall Apartments LLC

MWCD and the LLC have entered into the following transactions, which have been eliminated in the accompanying consolidating financial statements:

MWCD provided development and construction management services to the LLC during the acquisition and construction of St. Joseph Hall. Under the terms of the developer agreement, MWCD has earned a developer fee and overhead of $525,262. Of this amount, $5,569 was due to MWCD as of December 31, 2016 and 2015. The LLC also owes MWCD $72,336 as of December 31, 2016 and 2015, relating to the sale of St. Joseph Hall from MWCD to the LLC. All outstanding amounts shall be payable no later than December 31, 2023.

During 2016 and 2015, MWCD oversaw construction and provided asset management services for the roof renovation project for the LLC. MWCD's asset management fee is 5% of the total project costs. MWCD earned $9,702 and $11,415 of the asset management fee during 2016 and 2015, respectively. MWCD received the entire fee during 2016.

SJH, LLC provides management services to the LLC for an annual compensation equal to $500 per unit. The annual management fee increases 3% each year. SJH, LLC earned $13,261 and $12,875 in asset management fees for the LLC for the years ended December 31, 2016 and 2015, respectively. SJH, LLC has subcontracted these services to MWCD under the same terms it had with the LLC.

10. RELATED PARTY TRANSACTIONS (Continued)

St. Joseph Hall Apartments LLC (Continued)

MWCD used the proceeds from the HOME funds program loaned to the LLC by the Town to pay for requisitions on the roof renovation project on behalf of the LLC. MWCD still has $76,072 from the $237,330 additional loan proceeds, which will be distributed to the LLC during 2017. As of December 31, 2016, this amount is included in due to related party in the accompanying 2016 consolidating statement of financial position. MWCD owed the LLC $3,000 and $5,167 as of December 31, 2016 and 2015, respectively, for certain development costs that was paid from the LLC's operating budget instead of development funds which were in custody of MWCD.

The LLC entered into a master lease agreement with MWCD commencing on August 19, 2013. Under this agreement, MWCD leases two commercial spaces from the LLC for twenty-five years. The annual rent is $41,999 beginning on the commencement date and increases by 3% annually. The LLC received rental revenue for the master lease of $45,002 and $43,692 for the years ended December 31, 2016 and 2015, respectively.

The LLC and 1060 Belmont owe the following amounts to MWCD at December 31, 2016 and 2015, which are shown as due to related party in the accompanying consolidating statements of financial position:

	2016	2015
Developer fee and overhead	$ 5,569	$ 5,569
Operating advances	4,556	2,407
Other development costs	72,336	72,336
Management fees	38,636	25,375
Asset management fee	5,400	-
Asset management fee for roof project (see above)	-	11,415
	126,497	117,102
Less - allowance	40,161	25,275
Less - current portion	14,000	19,491
Due from related party	$ 72,336	$ 72,336

MWCD, the LLC and SJH, LLC entered into the following agreements:

Guaranty Against Development and Operating Deficits

Under this agreement, MWCD has guaranteed the payment of additional capital contributions to SJH, LLC to fund the LLC's operating deficits, if there are no sufficient funds in the operating reserve. MWCD also guaranteed the completion of the rehabilitation of St. Joseph Hall, payment of all development costs in excess of the rehabilitation budget, and compliance with all requirements of the IRC to qualify for low-income housing tax credits.

MWCD had an unlimited liability under this agreement for development cost overruns. MWCD's liability for operating deficit capital contributions is limited as follows:

- If SJH, LLC fails to pay any operating deficit capital contributions attributable to the period before the LLC achieves five consecutive twelve-month periods of break-even operations, MWCD's liability for unpaid operating deficit capital contributions is limited to $300,000. After that, MWCD has no liability for unpaid operating deficit capital contributions.

May 10, 2017

10. RELATED PARTY TRANSACTIONS (Continued)

Right of First Refusal

The LLC has granted a right of first refusal to MWCD to purchase St. Joseph Hall in the event that the LLC proposes to sell, transfer, assign, or ground lease all or substantially all of their interest in St. Joseph Hall after the expiration of the compliance period. MWCD will have thirty days to exercise its right at a price as defined in the agreement.

Grant of Option

The LLC has granted to MWCD an option to purchase St. Joseph Hall after the expiration of the compliance period for a purchase price equal to the greater of the sum of the principal amount of outstanding indebtedness secured by St. Joseph Hall or the fair market value of St. Joseph Hall, as defined in the agreement.

Incentive Management Agreement

SJH, LLC is entitled to an incentive management fee for the services they render in connection with the day-to-day operations of the LLC. The fee is equal to 90% of available cash flow of the LLC, annually, beginning in 2013, subject to a cap of 8% of annual gross revenues, as defined in the LLC's operating agreement. The fee is non-cumulative and is earned and payable only to the extent of cash flow available, as defined in the operating agreement. There was no fee earned in 2016 and 2015.

11. COMMITMENTS AND CONTINGENCIES

MWCD subleases a commercial space it leases from the LLC (see Note 10) to an unrelated company, with monthly rental payments of $2,805. The original sub-lease term was for two years and was since extended for five years, ending in June 2020. Total rental income under this agreement for the years ended December 31, 2016 and 2015, was $35,190 and $34,164, respectively, and is included in commercial rents in the accompanying consolidating statements of activities. Based on this agreement, 2017 rental income will be $36,246 and will escalate by 3% each year until the ending of the sub-lease in 2020.

Rental income for the next 4 years is expected to be:

2017	$ 36,246
2018	$ 37,332
2019	$ 38,454
2020	$ 19,512

MWCD leased space on the roof of St. Joseph Hall to a cell phone company for placement of its equipment. The lease had commenced in July 1999, with an initial term of five years and has automatic renewal for four additional terms of five years, each until July 2023. Total rental income under this agreement for the year ended December 31, 2015, was $43,025 and is included in commercial rents in the accompanying 2015 consolidating statement of activities. MWCD sold the lease and provided an easement to use the space on the roof to a third party in 2015. As part of the sale, MWCD recognized $725,000 in deferred revenue, which is being recognized over the life of the former lease term with the cell phone company. MWCD recognized $85,714 and $14,286 of revenue in 2016 and 2015, respectively, which is included in commercial rents in the accompanying consolidating statements of activities. The remaining deferred balance on the sale as of December 31, 2016 and 2015, is $625,000 and $710,714, respectively, and is included in prepaid rent and deferred revenue in the accompanying consolidating statements of financial position.

11. COMMITMENTS AND CONTINGENCIES (Continued)

MWCD entered into a conditional grant agreement with WSB for $400,000 funded with an award from the Federal Home Loan Bank of Boston Affordable Housing Program (FHLB/AHP) to fund the completion of St. Joseph Hall's construction. The grant is only payable if certain conditions are not met, as defined in the agreement. MWCD has met all conditions under this grant and expects to comply with the restrictions for the duration of the compliance period. If MWCD is in compliance with the terms the earlier of August 19, 2028, or the date St. Joseph Hall was placed in service, the conditions expire and no further payments will be due.

1060 Belmont received $470,000 in grant funds in previous years from two funding sources to fund certain development costs. The agreements with the funding sources require the Property to be occupied by income eligible individuals through 2016. These agreements are secured by mortgages on the Property. If these conditions are not met, the total amount of the grants is due on demand. In the opinion of management, the conditions of these agreements, as defined, will be met. Accordingly, 1060 Belmont has not recorded a liability in the accompanying consolidating financial statements.

12. MANAGEMENT AGREEMENT

The LLC and 1060 Belmont have an agreement with a management company to carry on the day-to-day operations of St. Joseph Hall and the Property. The management company receives a management fee of 5.33% of gross revenues, as defined in the agreement. This agreement is in effect until the LLC and 1060 Belmont or the management company terminates the agreement. The agreement can be terminated by either party with sixty days written notice.

Total management fees paid to the management company were $29,978 and $29,960 for the years ended December 31, 2016 and 2015, respectively, and are shown as property management fee in the accompanying consolidating statements of functional expenses.

13. CONCENTRATIONS

The Organization maintains its cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain limits. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

The LLC receives significant rent subsidies from the Watertown Housing Authority (WHA) for qualified tenants. The Organization has a contract with WHA to provide these subsidies through April 2028. The Organization earned $210,867 and $200,909 in rental subsidies during 2016 and 2015, respectively.

The Organization also receives significant rent subsidies from the Metropolitan Boston Housing Partnership (MBHP) for qualified tenants. The Organization has a contract with MBHP to provide these subsidies through November 2025. The Organization earned $76,075 and $63,036 in rental subsidies during 2016 and 2015, respectively.

14. SUBSEQUENT EVENT

Subsequent to December 31, 2016, to assure the strength and future of the Organization as an integral part of the affordable housing development and services industry in eastern Massachusetts, the Board of Directors of the Organization merged with the Board of Directors Citizens for Affordable Housing Newton Development Organization (CAN-DO) in January 2017.

14. SUBSEQUENT EVENT (Continued)

Each organization continues to remain an independent 501(c)3, but share an interlocking Board of Directors. Effective April 1, 2017, CAN-DO ceased to have full time employees and will have no employees starting August 1, 2017. Staffing services will be provided by the Organization as defined by the terms of the management agreement. Also, as defined in the management agreement, the Organization will be reimbursed for time and materials and will receive an overhead charge of 20%.

15. RECLASSIFICATIONS

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

Schedule of Real Estate Owned

CAN-DO rental properties

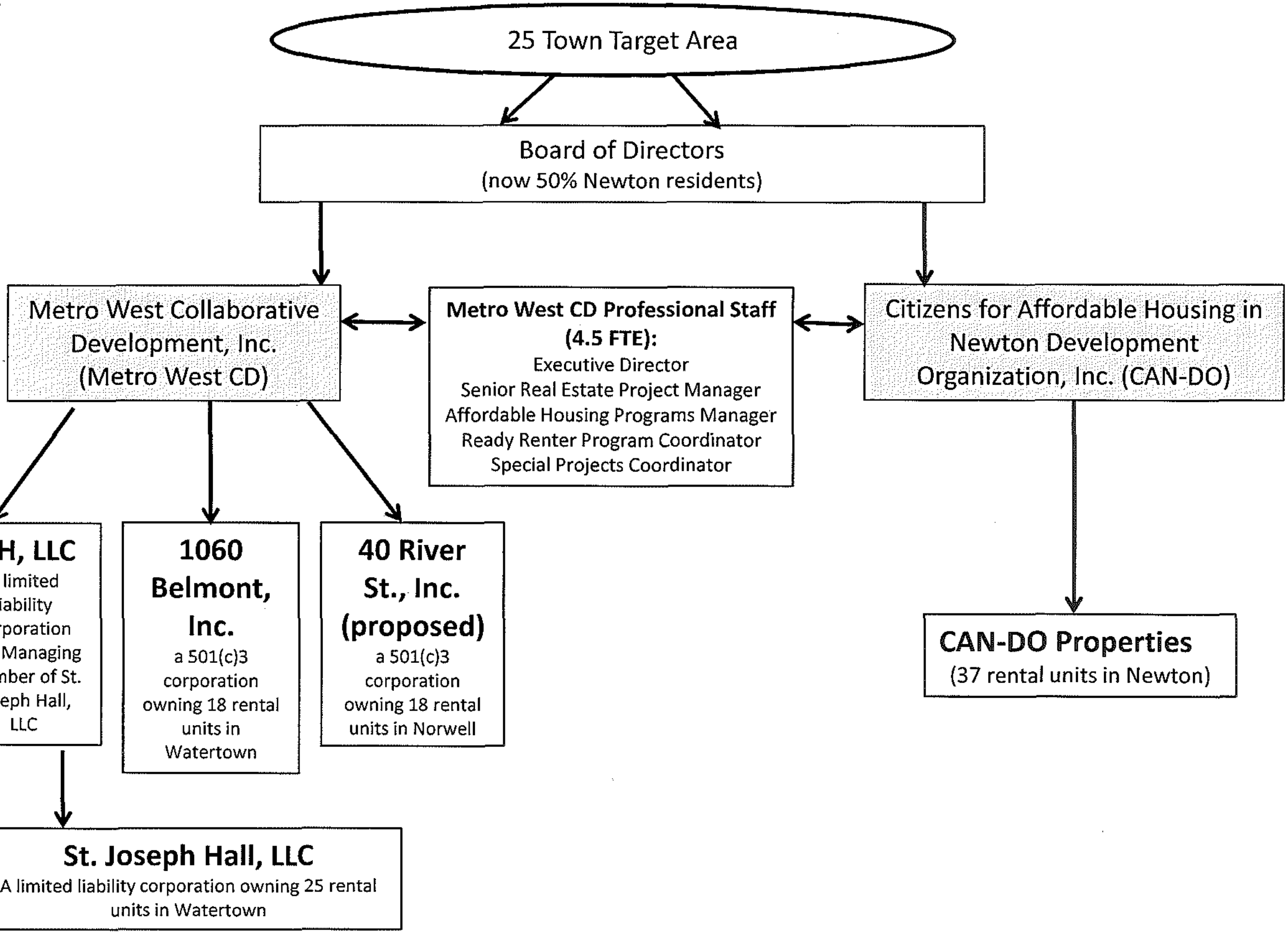
Property Address	Number of Units	Vacancy Rate*	Amortizing Debt Balance	Deferred Debt	Monthly Debt Service Payments	Annual Debt Service	Other Operating Costs ^	Other Operating Costs / unit
Property Address								
236 Auburn St.	8	in pre-dev.						
10-12 Cambria	2	in final phase construction		$ 761,778				
54 Taft Ave	2			$ 996,742				
14 Nonantum	3	20%	$ 108,018	$ 279,000	$ 784	$ 9,408	$ 66,966	$ 22,322
90 Christina	5	7%	$ 289,289	$ 361,320	$ 2,099	$ 25,188	$ 107,049	$ 21,410
228 Webster St	6	0%	$ 216,294	$ 877,768	$ 1,526	$ 18,312	$ 101,048	$ 16,841
18-20 Cambria	2	0%	$ 383,125	$ 439,360	$ 1,545	$ 18,540	$ 50,205	$ 25,103
163 Jackson	2	0%	$ 247,291	$ 537,500	$ 1,749	$ 20,988	$ 45,895	$ 22,948
20-22 Falmouth	2	0%	$ 245,439	$ 537,500	$ 1,634	$ 19,608	$ 46,606	$ 23,303
11-13 Cambria	2	5.5%	$ 216,371	$ 550,000	$ 1,350	$ 16,200	$ 53,898	$ 26,949
Comm Ave./Veterans	2	20%	$ 177,267	$ 725,000	$ 1,911	$ 22,932	$ 49,751	$ 24,876
61 Pearl St.	3	3%	$ 201,567	$ 1,145,000	$ 902	$ 10,824	$ 80,241	$ 26,747
54 Eddy St.	2	0%	$ 114,236	$ 933,822	$ 612	$ 7,344	$ 56,754	$ 28,377
other								
TOTAL	29		$ 2,198,897	$ 6,386,270	$ 14,112	$ 169,344	$ 658,413	$ 238,875
AVERAGE across CAN-DO portfolio		5.5%	219,890	638,627	1,411	16,934	65,841	23,887
	CAN-DO	Metro West						
rental completed prior to 2017	29	53						
nearing completion or in pipe.	12	66						
ownership units sold	15	4						
total (in) development	56	123						
Metro West CD rental properties								
St. Joseph Hall, Watertown	25	2%	$ 1,079,079	$ 3,047,403	$ 5,486	$ 65,836	$ 311,051	$ 12,442.04
1060 Belmont, Watertown	18	5.5%	$ 989,288	$ 3,067,683	$ 5,905	$ 70,860	$ 199,667	$ 11,092.61
TOTAL	43		$ 2,068,367	$ 6,115,086	$ 11,391	$ 136,696	$ 510,718	$ 23,535

Schedule of Real Estate Owned

CAN-DO rental properties

Property Address	Number of Units	Depreciation	Potential Rental Income (Annual)	Net Cash Flow BEFORE Dep.(Annual)	Annual Tax Bill	Per unit tax bill	Operating Reserves	Rep. Reserves
Property Address								
236 Auburn St.	8							
10-12 Cambria	2							
54 Taft Ave	2							
14 Nonantum	3	$ 26,091	$ 69,072	$ 18,789	$ -			$ -
90 Christina	5	$ 47,750	$ 97,481	$ 12,994	$ 9,402	$ 1,880.40		$ 6,177
228 Webster St	6	$ 48,048	$ 70,200	$ (1,112)	$ 6,796	$ 1,132.67		$ 23,111
18-20 Cambria	2	$ 15,954	$ 50,000	$ (2,791)	$ 5,872	$ 2,936.00		$ -
163 Jackson	2	$ 19,271	$ 41,675	$ (5,937)	$ 5,486	$ 2,743.00		$ -
20-22 Falmouth	2	$ 19,569	$ 37,586	$ (9,059)	$ 6,004	$ 3,002.00		$ -
11-13 Cambria	2	$ 19,603	$ 38,385	$ (12,110)	$ 6,122	$ 3,061.00		$ -
Comm Ave./Veterans	2	$ 19,468	$ 41,256	$ (11,959)	$ 7,692	$ 3,846.00		$ -
61 Pearl St.	3	$ 37,675	$ 45,736	$ (7,654)	$ 9,334	$ 3,111.33		$ -
54 Eddy St.	2	$ 27,579	$ 37,144	$ 625	$ 7,766	$ 3,883.00		$ -
other								$ 2,761
TOTAL	29	$ 281,008	$ 528,535	$ (18,214)	$ 64,474	$ 25,595	$ -	$ 32,049
AVERAGE across CAN-DO portfolio		28,101	52,854	(1,821)	6,447	2,844	-	2,914
	CAN-DO							
rental completed prior to 2017	29							
nearing completion or in pipe.	12							
ownership units sold	15							
total (in) development	56							
Metro West CD rental properties								
St. Joseph Hall, Watertown	25	$ 353,382	$ 379,154	$ 2,267	$ 39,158	$ 1,566	$ 300,238	$ 43,920
1060 Belmont, Watertown	18	$ 249,958	$ 251,202	$ (19,325)	$ 14,481	$ 805	$ 186,346	$ 56,720
TOTAL	43	$ 603,340	$ 630,356	$ (17,058)	$ 53,639	$ 2,371	$ 486,584	$ 100,640

2017


25 Town Target Area
Board of Directors
(now 50% Newton residents)
Metro West Collaborative Development, Inc. (Metro West CD)
Metro West CD Professional Staff (4.5 FTE):
Executive Director
Senior Real Estate Project Manager
Affordable Housing Programs Manager
Ready Renter Program Coordinator
Special Projects Coordinator
Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO)
SJH, LLC
A limited liability corporation and Managing Member of St. Joseph Hall, LLC
1060 Belmont, Inc.
a 501(c)3 corporation owning 18 rental units in Watertown
40 River St., Inc. (proposed)
a 501(c)3 corporation owning 18 rental units in Norwell
CAN-DO Properties
(37 rental units in Newton)
St. Joseph Hall, LLC
A limited liability corporation owning 25 rental units in Watertown

Metro West Collaborative Development, Inc.
Staff
2017

Executive Director, Jennifer Van Campen, 25+ years in community development field. Primary responsibilities:

- Financial oversight (with third party bookkeeping service), fundraising, marketing
- Staff management and organizational plan implementation
- Asset management and regulatory compliance oversight
- Zoning and financing applications for 18-unit project in Norwell and 48-unit project in Medway

Senior Real Estate Project Manager, Linda Moody, 25+ years as architect and construction supervision. Primary responsibilities:

- Zoning and financing applications for 236 Auburn St., Newton
- Zoning application support to 6-unit project for the Lexington Housing Assistance Board
- Pre-development analyses for sites in Wayland, Hudson, Wellesley and Medfield

Affordable Housing Programs Manager, Amie Lindenboim, 25+ years in environmental policy and regulatory compliance. Primary responsibilities:

- Affirmative Marketing Plans and Lottery and Wait List administration for municipal and private developers in: Concord, Newton, Medford, Scituate, Dedham, Stoughton, Watertown and Weston
- Affordable Housing Compliance Consulting to consortium of towns: Bolton, Boxborough, Hudson, Littleton and Stow
- MassHousing 40B compliance monitoring of projects in: Danvers, Needham, North Andover and Reading.

Ready Renter Program Coordinator, Holly Josephs, AmeriCorps Member. Primary responsibilities:

- Review and data entry of Ready Renter applications. Communicate to applicants of any file deficiencies. Currently 500+ people in program
- One-on-one housing search support to Ready Renter applicants. Approximately 5 people served per week.
- Research and data analysis. Currently providing support to the Belmont Housing Trust in the completion of a Housing Production Plan.
- Supported housing forums and events in Dedham, Lexington and Watertown

Special Projects Coordinator, Robyn Rufo, 15+ years in affordable housing and community development. Primary Responsibilities:

- CAN-DO portfolio integration into Metro West CD asset management systems
- Interface with CAN-DO property maintenance contractors
- Interface with CAN-DO tenants and their supportive services providers

2017 Combined Organization Budget

	2017 projection			2018 projection	2019	2020	2021
EXPENSES	CAN-DO	Metro West CD	Total	Combined	Combined	Combined	Combined
Salaries							
Executive	43,000	68,000	111,000	70,000			
Real Estate	26,000	88,000	114,000	90,500			
Housing Programs	-	60,000	60,000	61,500			
Gala/Special Projects	12,000	35,000	47,000	36,000			
AmeriCorps	-	15,000	15,000	15,000			
Property Management	29,553	-	29,553	30,000			
Benefits	13,640	48,000	61,640	64,500			
Audit & Accounting	29,500	60,000	89,500	85,000			
Rent & Office	21,270	53,550	74,820	55,000			
Insurance	4,950	10,000	14,950	12,500			
Auto Lease	1,890	-	1,890	-			
Consultant	1,500	35,000	36,500	35,000			
Supplies/Equip	2,100	7,500	9,600	8,500			
Postage & Printing	3,900	8,500	12,400	10,000			
Program Expenses/other	4,600	5,000	9,600	9,000			
REO*	505,163	64,000	569,163	586,238			
	699,066	557,550	1,256,616	1,168,738	1,203,800	1,239,914	1,277,111
			change	(87,878)			
INCOME							
CHDO	20,000	20,000	40,000	40,000	40,000	40,000	40,000
Grants/Foundations	21,000	40,000	61,000	61,000	61,000	61,000	61,000
Fundraising/Gala	110,000	-	110,000	110,000	110,000	110,000	110,000
Developer Fee	90,000	50,000	140,000	150,000	906,000	785,000	785,000
CITC	-	150,000	150,000	150,000	150,000	150,000	150,000
Aff. Marketing/Compliance	-	75,000	75,000	75,000	75,000	75,000	75,000
Asset Man./REO*	505,163	126,174	631,337	637,650	637,650	644,027	650,467
	746,163	461,174	1,207,337	1,223,650	1,979,650	1,865,027	1,871,467
			-				
	47,097	(96,376)	(49,279)	54,912	775,850	625,113	594,356

*assumes CAN-DO REO breaks even