

# **Way Finders, Inc. and Subsidiaries**

Consolidating Financial Statements  
and  
Independent Auditors' Reports

June 30, 2021

# Way Finders, Inc. and Subsidiaries

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**DANIEL DENNIS & Co**  
Certified Public Accountants

*Independent Auditors' Report*

The Board of Directors of  
**Way Finders, Inc.**

**Report on the Financial Statements**

We have audited the accompanying consolidating financial statements of Way Finders, Inc., (a nonprofit organization) and subsidiaries (collectively, the Organization), which comprise the consolidating statement of financial position as of June 30, 2021, and the related consolidating statements of activities, changes in net assets/(deficit), functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

***Management's Responsibility for the 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 the consolidating 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 consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk 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 Organization'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 Organization'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 above present fairly, in all material respects, the financial position of Way Finders, Inc. and subsidiaries as of June 30, 2021, 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.

### ***Other Matters***

Our audit was conducted the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying supplementary information shown on pages 72 to 77 is presented for the purpose of additional analysis and is not a required part of the consolidating financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for the purpose of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidating financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the Organization's internal control over financial reporting and compliance.

*Daniel Dennis & Company LLP*

November 12, 2021

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Financial Position**  
**June 30, 2021**

| <i>Assets</i>                        |                      |                     |                                       |                       |                        |                       |
|--------------------------------------|----------------------|---------------------|---------------------------------------|-----------------------|------------------------|-----------------------|
|                                      | Way Finders          | Common<br>Capital   | Affordable<br>Housing<br>Subsidiaries | Other<br>Subsidiaries | Eliminations           | Consolidated          |
| <i>Current Assets</i>                |                      |                     |                                       |                       |                        |                       |
| Cash                                 | \$ 6,696,628         | \$ 1,571,810        | \$ 1,857,101                          | \$ 257,918            | \$ -                   | \$ 10,383,457         |
| Restricted cash                      | 19,350,708           | -                   | -                                     | 148,936               | -                      | 19,499,644            |
| Grants receivable                    | 2,792,454            | 119,005             | 16,745                                | -                     | -                      | 2,928,204             |
| Capital campaign pledges receivable  | 588,884              | -                   | -                                     | -                     | -                      | 588,884               |
| Accounts receivable                  | 293,546              | 822                 | 174,323                               | 173,247               | (48,973)               | 592,965               |
| Parent/subsidiaries receivables      | 4,015,597            | -                   | -                                     | -                     | (4,015,597)            | -                     |
| Small business loans receivable, net | -                    | 1,375,013           | -                                     | -                     | (3,738)                | 1,371,275             |
| Other loans receivable, net          | 115,239              | 10,000              | -                                     | -                     | -                      | 125,239               |
| Interest receivable                  | -                    | 14,713              | -                                     | -                     | (3,684)                | 11,029                |
| Investments                          | -                    | -                   | 58,097                                | -                     | -                      | 58,097                |
| Prepaid expenses and other assets    | 171,937              | 20,196              | 158,452                               | 2,359                 | -                      | 352,944               |
| Total current assets                 | <u>34,024,993</u>    | <u>3,111,559</u>    | <u>2,264,718</u>                      | <u>582,460</u>        | <u>(4,071,992)</u>     | <u>35,911,738</u>     |
| <i>Property and Equipment</i>        |                      |                     |                                       |                       |                        |                       |
| Land                                 | 170,000              | -                   | 8,698,491                             | 3,732,063             | (322,871)              | 12,277,683            |
| Buildings and improvements           | 2,584,951            | -                   | 131,437,950                           | 10,564,679            | (6,590,972)            | 137,996,608           |
| Furniture and equipment              | 3,191,894            | 38,084              | 1,049,531                             | 253,128               | 82,177                 | 4,614,814             |
| Software                             | 406,736              | 29,950              | -                                     | -                     | -                      | 436,686               |
| Less: accumulated depreciation       | <u>(3,136,756)</u>   | <u>(67,800)</u>     | <u>(34,605,063)</u>                   | <u>(380,432)</u>      | <u>381,547</u>         | <u>(37,808,504)</u>   |
| Total property and equipment         | <u>3,216,825</u>     | <u>234</u>          | <u>106,580,909</u>                    | <u>14,169,438</u>     | <u>(6,450,119)</u>     | <u>117,517,287</u>    |
| <i>Other Assets</i>                  |                      |                     |                                       |                       |                        |                       |
| Investments                          | 642,530              | 31,216              | (136,566)                             | 109,755               | (564,209)              | 82,726                |
| Capital campaign pledges receivable  | 81,694               | -                   | -                                     | -                     | -                      | 81,694                |
| Restricted cash                      | 1,228,123            | 1,270,285           | 7,303,644                             | 91,945                | -                      | 9,893,997             |
| Restricted investments               | -                    | -                   | 124,338                               | -                     | -                      | 124,338               |
| Work in progress                     | 1,869,071            | -                   | 11,842,564                            | 5,014,228             | (297,299)              | 18,428,564            |
| Small business loans receivable, net | -                    | 3,277,688           | -                                     | -                     | (393,372)              | 2,884,316             |
| Other loans receivable, net          | 20,146,273           | -                   | 81,150                                | -                     | (963,600)              | 19,263,823            |
| Intangible assets, net               | -                    | -                   | 372,066                               | 200                   | -                      | 372,266               |
| Total other assets                   | <u>23,967,691</u>    | <u>4,579,189</u>    | <u>19,587,196</u>                     | <u>5,216,128</u>      | <u>(2,218,480)</u>     | <u>51,131,724</u>     |
| Total assets                         | <u>\$ 61,209,509</u> | <u>\$ 7,690,982</u> | <u>\$ 128,432,823</u>                 | <u>\$ 19,968,026</u>  | <u>\$ (12,740,591)</u> | <u>\$ 204,560,749</u> |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Financial Position – *Continued*  
June 30, 2021

*Liabilities and Net Assets*

|   | Way Finders          | Common<br>Capital   | Affordable<br>Housing<br>Subsidiaries | Other<br>Subsidiaries | Eliminations           | Consolidated          |
|---|----------------------|---------------------|---------------------------------------|-----------------------|------------------------|-----------------------|
| <i>Current Liabilities</i>                      |                      |                     |                                       |                       |                        |                       |
| Accounts payable                                | \$ 1,070,307         | \$ 19,097           | \$ 1,448,519                          | \$ 771,462            | \$ (40,833)            | \$ 3,268,552          |
| Parent/subsidiaries payables                    | -                    | 37,628              | 737,813                               | 3,240,156             | (4,015,597)            | -                     |
| Accrued expenses                                | 2,665,312            | 85,147              | 618,052                               | 59,925                | (8,140)                | 3,420,296             |
| Advances on grants and contracts                | 17,547,352           | -                   | 656,891                               | -                     | -                      | 18,204,243            |
| Mortgages and notes payable                     | 1,595,150            | 1,020,356           | 10,883,935                            | 462,500               | (3,738)                | 13,958,203            |
| Non-amortizing notes payable                    | 53,540               | -                   | -                                     | 832,735               | -                      | 886,275               |
| Deferred revenue                                | 7,605                | -                   | 42,663                                | 5,006                 | -                      | 55,274                |
| Total current liabilities                       | <u>22,939,266</u>    | <u>1,162,228</u>    | <u>14,387,873</u>                     | <u>5,371,784</u>      | <u>(4,068,308)</u>     | <u>39,792,843</u>     |
| <i>Noncurrent Liabilities</i>                   |                      |                     |                                       |                       |                        |                       |
| Amortizing notes payable                        | 8,550,739            | 1,830,523           | 12,151,178                            | 14,774,375            | (393,372)              | 36,913,443            |
| Non-amortizing notes payable                    | 723,696              | -                   | 47,066,489                            | -                     | (13,073,438)           | 34,716,747            |
| Escrow liabilities                              | 771,166              | 20,000              | 496,099                               | 4,422                 | -                      | 1,291,687             |
| Advances on grants and contracts                | 11,048,446           | -                   | 2,225,264                             | -                     | -                      | 13,273,710            |
| Accrued interest                                | -                    | -                   | 9,928,874                             | -                     | (2,942,867)            | 6,986,007             |
| Total noncurrent liabilities                    | <u>21,094,047</u>    | <u>1,850,523</u>    | <u>71,867,904</u>                     | <u>14,778,797</u>     | <u>(16,409,677)</u>    | <u>93,181,594</u>     |
| Total liabilities                               | <u>44,033,313</u>    | <u>3,012,751</u>    | <u>86,255,777</u>                     | <u>20,150,581</u>     | <u>(20,477,985)</u>    | <u>132,974,437</u>    |
| <i>Net Assets</i>                               |                      |                     |                                       |                       |                        |                       |
| Non-controlling interest                        | -                    | -                   | 32,209,602                            | -                     | -                      | 32,209,602            |
| Without donor restrictions                      |                      |                     |                                       |                       |                        |                       |
| Board designated for affordable housing program | 3,374,182            | -                   | -                                     | -                     | -                      | 3,374,182             |
| Undesignated                                    | 11,077,505           | 4,264,471           | (233,267)                             | (182,555)             | 7,737,394              | 22,663,548            |
| With donor restrictions                         | <u>2,724,509</u>     | <u>413,760</u>      | <u>10,200,711</u>                     | <u>-</u>              | <u>-</u>               | <u>13,338,980</u>     |
| Total net assets                                | <u>17,176,196</u>    | <u>4,678,231</u>    | <u>42,177,046</u>                     | <u>(182,555)</u>      | <u>7,737,394</u>       | <u>71,586,312</u>     |
| Total liabilities and net assets                | <u>\$ 61,209,509</u> | <u>\$ 7,690,982</u> | <u>\$ 128,432,823</u>                 | <u>\$ 19,968,026</u>  | <u>\$ (12,740,591)</u> | <u>\$ 204,560,749</u> |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Activities**  
**For the Year Ended June 30, 2021**

|   | Way Finders        | Common<br>Capital | Affordable<br>Housing<br>Subsidiaries | Other<br>Subsidiaries | Eliminations       | Consolidated       |
|---|--------------------|-------------------|---------------------------------------|-----------------------|--------------------|--------------------|
| <b>Changes in Net Assets Without Donor Restrictions</b> |                    |                   |                                       |                       |                    |                    |
| <i>Revenue and Support</i>                              |                    |                   |                                       |                       |                    |                    |
| Contributions   | \$ 4,554,192       | \$ 446,748        | \$ -                                  | \$ -                  | \$ -               | \$ 5,000,940       |
| Capital campaign  | 8,233              | -                 | -                                     | -                     | -                  | 8,233              |
| Grant assistance payments                               | 76,015,546         | -                 | -                                     | -                     | -                  | 76,015,546         |
| Grants - Neighbor Works America                         | 530,357            | -                 | -                                     | -                     | -                  | 530,357            |
| Government grants and contracts                         | 22,189,350         | 375,046           | 671,175                               | -                     | -                  | 23,235,571         |
| Program fees  | 382,355            | 58,285            | 246,799                               | -                     | (20,000)           | 667,439            |
| Property and asset management fees                      | 741,656            | -                 | -                                     | -                     | (643,100)          | 98,556             |
| Developer fees  | 796,228            | -                 | -                                     | 153,593               | (892,418)          | 57,403             |
| Proceeds from sale of single family homes               | -                  | -                 | -                                     | 30,000                | -                  | 30,000             |
| Lending interest income                                 | 307,762            | 382,817           | -                                     | -                     | (219,331)          | 471,248            |
| Investment income                                       | 78,860             | (6,334)           | 8,140                                 | 3,122                 | -                  | 83,788             |
| Royalties   | -                  | 27,308            | -                                     | -                     | -                  | 27,308             |
| Rental income   | 484,682            | -                 | 7,329,578                             | 680,740               | (741,048)          | 7,753,952          |
| Gain on sale of property                                | -                  | -                 | -                                     | 377,212               | (377,212)          | -                  |
| Debt forgiveness income                                 | 2,692,000          | -                 | -                                     | -                     | -                  | 2,692,000          |
| Release from restriction                                | 523,478            | 135,500           | 141,054                               | -                     | -                  | 800,032            |
|   | <u>109,304,699</u> | <u>1,419,370</u>  | <u>8,396,746</u>                      | <u>1,244,667</u>      | <u>(2,893,109)</u> | <u>117,472,373</u> |
| <i>Expenses</i>   |                    |                   |                                       |                       |                    |                    |
| Rental assistance                                       | 49,751,890         | -                 | -                                     | -                     | -                  | 49,751,890         |
| Client services   | 44,594,838         | -                 | -                                     | -                     | (20,000)           | 44,574,838         |
| Small business lending                                  | -                  | 827,284           | -                                     | -                     | -                  | 827,284            |
| Home ownership services                                 | 706,047            | -                 | -                                     | -                     | -                  | 706,047            |
| Real estate development & property management           | 5,838,809          | -                 | -                                     | 835,692               | (1,179,127)        | 5,495,374          |
| Rental properties                                       | 405,718            | -                 | 12,238,694                            | 555,425               | (961,667)          | 12,238,170         |
| Fundraising   | 675,936            | -                 | -                                     | -                     | (10,457)           | 665,479            |
| General and administrative                              | 2,768,720          | 303,402           | 880,932                               | 151,952               | (1,275,804)        | 2,829,202          |
|   | <u>104,741,958</u> | <u>1,130,686</u>  | <u>13,119,626</u>                     | <u>1,543,069</u>      | <u>(3,447,055)</u> | <u>117,088,284</u> |
| Change in net assets without donor restrictions         | <u>4,562,741</u>   | <u>288,684</u>    | <u>(4,722,880)</u>                    | <u>(298,402)</u>      | <u>553,946</u>     | <u>384,089</u>     |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
 Consolidating Statement of Activities – *Continued*  
 For the Year Ended June 30, 2021

|  | Way Finders         | Common<br>Capital | Affordable<br>Housing<br>Subsidiaries | Other<br>Subsidiaries | Eliminations      | Consolidated        |
|--|---------------------|-------------------|---------------------------------------|-----------------------|-------------------|---------------------|
| <b>Changes in Net Assets With Donor Restrictions</b> |                     |                   |                                       |                       |                   |                     |
| Contributions  | \$ 60,000           | \$ 272,260        | \$ -                                  | \$ -                  |                   | \$ 332,260          |
| Capital campaign                                     | 16,103              | -                 | -                                     | -                     | -                 | 16,103              |
| Release from restriction                             | <u>(523,478)</u>    | <u>(135,500)</u>  | <u>(141,054)</u>                      | <u>-</u>              | <u>-</u>          | <u>(800,032)</u>    |
| Change in net assets with donor restrictions         | <u>(447,375)</u>    | <u>136,760</u>    | <u>(141,054)</u>                      | <u>-</u>              | <u>-</u>          | <u>(451,669)</u>    |
| Change in net assets                                 | 4,115,366           | 425,444           | (4,863,934)                           | (298,402)             | 553,946           | (67,580)            |
| Less amounts attributed to noncontrolling interest   | <u>-</u>            | <u>-</u>          | <u>3,970,467</u>                      | <u>-</u>              | <u>-</u>          | <u>3,970,467</u>    |
| Change in net assets, controlling interest           | <u>\$ 4,115,366</u> | <u>\$ 425,444</u> | <u>\$ (893,467)</u>                   | <u>\$ (298,402)</u>   | <u>\$ 553,946</u> | <u>\$ 3,902,887</u> |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Changes in Net Assets/(Deficit)  
For the Year Ended June 30, 2021

|                                 | Way Finders          | Common<br>Capital   | Affordable<br>Housing<br>Subsidiaries | Other<br>Subsidiaries | Eliminations        | Consolidated         |
|---------------------------------|----------------------|---------------------|---------------------------------------|-----------------------|---------------------|----------------------|
| Net assets at beginning of year | \$ 13,060,830        | \$ 4,252,787        | \$ 40,821,733                         | \$ 115,847            | \$ 7,183,448        | \$ 65,434,645        |
| Capital contribution            | -                    | -                   | 6,267,149                             | -                     | -                   | 6,267,149            |
| Equity distribution             | -                    | -                   | (5,385)                               | -                     | -                   | (5,385)              |
| Syndication costs               | -                    | -                   | (42,517)                              | -                     | -                   | (42,517)             |
| Change in net assets            | <u>4,115,366</u>     | <u>425,444</u>      | <u>(4,863,934)</u>                    | <u>(298,402)</u>      | <u>553,946</u>      | <u>(67,580)</u>      |
| Net assets at end of year       | <u>\$ 17,176,196</u> | <u>\$ 4,678,231</u> | <u>\$ 42,177,046</u>                  | <u>\$ (182,555)</u>   | <u>\$ 7,737,394</u> | <u>\$ 71,586,312</u> |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

|                                  | Way Finders          |                      |                   |  |                      | Common<br>Capital            | Affordable<br>Housing<br>Subsidiaries | Other Subsidiaries                             |                      |                       | Consolidated<br>Program Services |
|----------------------------------|----------------------|----------------------|-------------------|--|----------------------|------------------------------|---------------------------------------|--|----------------------|-----------------------|----------------------------------|
|                                  | Rental<br>Assistance | Client Services      | Home<br>Ownership | Real Estate<br>Development &<br>Property Mgmt. | Rental<br>Properties | Small<br>Business<br>Lending | Rental<br>Properties                  | Real Estate<br>Development &<br>Property Mgmt. | Rental<br>Properties | Eliminations          |                                  |
| <b>Expenses:</b>                 |                      |                      |                   |  |                      |                              |                                       |  |                      |                       |                                  |
| Salaries                         | \$ 3,205,898         | \$ 5,742,848         | \$ 420,871        | \$ 973,694                                     | \$ 89,631            | \$ 291,895                   | \$ 1,117,537                          | \$ 306,438                                     | \$ -                 | \$ (635,865)          | \$ 11,512,947                    |
| Payroll tax and fringe benefits  | 759,232              | 1,450,445            | 103,241           | 210,658  | 19,070               | 60,819                       | 269,246                               | 66,239   | -                    | (119,219)             | 2,819,731                        |
| Employee training                | 4,710                | 7,496                | 8,659             | 7,984  | -                    | -                            | 1,632                                 | -  | -                    | -                     | 30,481                           |
| Professional services            | 79,141               | 358,150              | 6,158             | 13,953   | 6,368                | 36,987                       | 156,482                               | 24,385   | -                    | (20,000)              | 661,624                          |
| Contract services                | 24,108               | 125,327              | 58,710            | 27,735   | 2,023                | 576                          | 5,839                                 | -  | -                    | -                     | 244,318                          |
| Communications                   | 17,040               | 80,274               | 4,691             | 3,339  | 6,969                | -                            | 109,434                               | -  | -                    | -                     | 221,747                          |
| Postage                          | 52,389               | 17,552               | 733               | 2,031  | 640                  | 748                          | 6,174                                 | -  | -                    | -                     | 80,267                           |
| Materials production             | 44,670               | 15,372               | 1,836             | 3,600  | 327                  | 880                          | 12,736                                | 1,308  | -                    | -                     | 80,729                           |
| Program expense                  | 6,494                | 3,803,127            | -                 | 76,362   | -                    | -                            | 1,810                                 | -  | -                    | -                     | 3,887,793                        |
| Office supplies                  | 31,460               | 47,832               | 3,302             | 13,562   | 186                  | 2,102                        | 9,529                                 | -  | -                    | -                     | 107,973                          |
| Licenses, dues and fees          | 100,621              | 9,875                | 13,201            | 36,292   | 190                  | 3,362                        | 3,782                                 | -  | 50                   | -                     | 167,373                          |
| Travel                           | 25,630               | 6,665                | -                 | 1,621  | 1,009                | 592                          | 24,224                                | -  | -                    | -                     | 59,741                           |
| Audit expense                    | 27,035               | 49,743               | 2,378             | 26,219   | -                    | 3,011                        | -                                     | -  | -                    | -                     | 108,386                          |
| Legal expense                    | -                    | -                    | -                 | -  | 10,275               | -                            | 86,062                                | -  | -                    | -                     | 96,337                           |
| Insurance                        | 20,525               | 116,156              | 2,866             | 9,889  | 15,438               | 15,534                       | 327,650                               | 4,538  | -                    | -                     | 512,596                          |
| Bad debt expense                 | -                    | -                    | 800               | 4,033,296                                      | -                    | 248,675                      | 29,190                                | -  | -                    | (18,000)              | 4,293,961                        |
| Repairs and maintenance          | -                    | 48                   | -                 | 16,657   | 41,375               | -                            | 1,189,986                             | -  | 4,354                | -                     | 1,252,420                        |
| Utilities                        | -                    | 1,224                | -                 | 2,246  | 50,781               | -                            | 1,022,178                             | 5,798  | 4,214                | -                     | 1,086,441                        |
| Recruitment                      | 159                  | 181,636              | 26                | 100,387  | -                    | -                            | 961                                   | -  | -                    | -                     | 283,169                          |
| Other taxes                      | -                    | -                    | -                 | 7,557  | 21,922               | -                            | 538,211                               | -  | -                    | -                     | 567,690                          |
| Interest                         | -                    | 15,968               | -                 | 69,764   | 66,577               | 46,787                       | 2,520,212                             | 6,232  | 151,921              | (656,406)             | 2,221,055                        |
| Provider reimbursement           | 43,146               | -                    | -                 | -  | -                    | -                            | -                                     | -  | -                    | -                     | 43,146                           |
| Other expenses                   | 21,273               | 108,344              | 1,510             | 12,156   | 281                  | -                            | 116,711                               | -  | 455                  | -                     | 260,730                          |
| Depreciation and amortization    | -                    | 5,117                | -                 | 1,764  | 68,150               | -                            | 4,611,352                             | 10,080   | 308,067              | (219,714)             | 4,784,816                        |
| Client assistance disbursed      | 44,753,049           | 31,257,497           | 5,000             | -  | -                    | -                            | -                                     | -  | -                    | -                     | 76,015,546                       |
| Computer operations              | 158,687              | 479,404              | 22,182            | 102,257  | 4,308                | 29,194                       | 56,608                                | 3,236  | -                    | -                     | 855,876                          |
| Occupancy                        | 337,956              | 608,585              | 42,385            | 73,576   | -                    | 29,076                       | 1,528                                 | 28,831   | 86,364               | (114,378)             | 1,093,923                        |
| Marketing and outreach           | 38,667               | 101,403              | 7,498             | 12,210   | -                    | 57,046                       | -                                     | -  | -                    | -                     | 216,824                          |
| Cost of single family homes sold | -                    | -                    | -                 | -  | -                    | -                            | -                                     | 1,395  | -                    | -                     | 1,395                            |
| Loss on impairment               | -                    | -                    | -                 | -  | -                    | -                            | -                                     | 377,212  | -                    | (377,212)             | -                                |
| Other administrative expenses    | -                    | 4,750                | -                 | -  | 198                  | -                            | 19,620                                | -  | -                    | -                     | 24,568                           |
| <b>Total expenses</b>            | <b>\$ 49,751,890</b> | <b>\$ 44,594,838</b> | <b>\$ 706,047</b> | <b>\$ 5,838,809</b>                            | <b>\$ 405,718</b>    | <b>\$ 827,284</b>            | <b>\$ 12,238,694</b>                  | <b>\$ 835,692</b>                              | <b>\$ 555,425</b>    | <b>\$ (2,160,794)</b> | <b>\$ 113,593,603</b>            |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Functional Expenses – *Continued*  
For the Year Ended June 30, 2021

|                                 | Way Finders           | Common Capital        | Affordable Housing<br>Subsidiaries | Other Subsidiaries    |                       |  | Way Finders        |                     |                                     |
|---------------------------------|-----------------------|-----------------------|------------------------------------|-----------------------|-----------------------|--|--------------------|---------------------|-------------------------------------|
|                                 | <i>Administration</i> | <i>Administration</i> | <i>Administration</i>              | <i>Administration</i> | <i>Eliminations</i>   | <i>Consolidated<br/>Administration</i> | <i>Fundraising</i> | <i>Eliminations</i> | <i>Consolidated<br/>Fundraising</i> |
| <b>Expenses:</b>                |                       |                       |                                    |                       |                       |  |                    |                     |                                     |
| Salaries                        | \$ 2,379,354          | \$ 135,772            | \$ -                               | \$ -                  | \$ -                  | \$ 2,515,126                           | \$ 191,816         | \$ -                | \$ 191,816                          |
| Payroll tax and fringe benefits | 437,282               | 18,553                | -                                  | -                     | -                     | 455,835                                | 35,971             | -                   | 35,971                              |
| Employee training               | 25,656                | 975                   | -                                  | -                     | -                     | 26,631                                 | -                  | -                   | -                                   |
| Professional services           | 159,601               | 6,570                 | -                                  | -                     | -                     | 166,171                                | 6,905              | -                   | 6,905                               |
| Contract services               | 62,744                | 10,695                | -                                  | -                     | -                     | 73,439                                 | -                  | -                   | -                                   |
| Communications                  | 112,359               | 3,459                 | -                                  | 6,665                 | -                     | 122,483                                | 1,700              | -                   | 1,700                               |
| Postage                         | 3,722                 | 110                   | -                                  | 307                   | -                     | 4,139                                  | 383                | -                   | 383                                 |
| Materials production            | 36,499                | 595                   | -                                  | -                     | -                     | 37,094                                 | 2,314              | -                   | 2,314                               |
| Management fees                 | -                     | -                     | 694,689                            | 116,057               | (698,300)             | 112,446                                | -                  | -                   | -                                   |
| Program expense                 | 51,548                | -                     | -                                  | -                     | -                     | 51,548                                 | 198                | -                   | 198                                 |
| Office supplies                 | -                     | -                     | -                                  | 1,271                 | -                     | 1,271                                  | 1,479              | -                   | 1,479                               |
| Licenses, dues and fees         | 209,499               | 26,713                | 41,915                             | 14,141                | -                     | 292,268                                | 7,323              | -                   | 7,323                               |
| Travel                          | -                     | 8                     | -                                  | 261                   | -                     | 269                                    | -                  | -                   | -                                   |
| Audit expense                   | 1,107                 | -                     | 140,776                            | 13,250                | -                     | 155,133                                | 1,007              | -                   | 1,007                               |
| Legal expense                   | -                     | 525                   | -                                  | -                     | -                     | 525                                    | -                  | -                   | -                                   |
| Insurance                       | 5,286                 | 1                     | -                                  | -                     | -                     | 5,287                                  | 1,165              | -                   | 1,165                               |
| Bad debt expense                | 13,108                | -                     | -                                  | -                     | -                     | 13,108                                 | -                  | -                   | -                                   |
| Repairs and maintenance         | 44,764                | -                     | -                                  | -                     | -                     | 44,764                                 | -                  | -                   | -                                   |
| Utilities                       | 5,054                 | -                     | -                                  | -                     | -                     | 5,054                                  | -                  | -                   | -                                   |
| Recruitment                     | 33,843                | 249                   | -                                  | -                     | -                     | 34,092                                 | 135                | -                   | 135                                 |
| Other taxes                     | 1,628                 | -                     | -                                  | -                     | -                     | 1,628                                  | -                  | -                   | -                                   |
| Interest                        | 20,605                | -                     | -                                  | -                     | (6,034)               | 14,571                                 | 375,745            | (10,457)            | 365,288                             |
| Other expenses                  | 122,549               | 998                   | -                                  | -                     | -                     | 123,547                                | 770                | -                   | 770                                 |
| Depreciation and amortization   | 153,686               | 389                   | -                                  | -                     | -                     | 154,075                                | -                  | -                   | -                                   |
| Computer operations             | (604,406)             | -                     | -                                  | -                     | -                     | (604,406)                              | 9,601              | -                   | 9,601                               |
| Occupancy                       | (199,632)             | -                     | -                                  | -                     | (626,670)             | (826,302)                              | 11,440             | -                   | 11,440                              |
| Marketing and outreach          | (155,314)             | -                     | -                                  | -                     | -                     | (155,314)                              | 27,984             | -                   | 27,984                              |
| Other administrative expenses   | (151,822)             | 97,790                | 3,552                              | -                     | 55,200                | 4,720                                  | -                  | -                   | -                                   |
| <b>Total expenses</b>           | <b>\$ 2,768,720</b>   | <b>\$ 303,402</b>     | <b>\$ 880,932</b>                  | <b>\$ 151,952</b>     | <b>\$ (1,275,804)</b> | <b>\$ 2,829,202</b>                    | <b>\$ 675,936</b>  | <b>\$ (10,457)</b>  | <b>\$ 665,479</b>                   |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Functional Expenses – *Continued*  
For the Year Ended June 30, 2021

|                                  | <i>Total Program<br/>Services</i> | <i>Total<br/>Administration</i> | <i>Total<br/>Fundraising</i> | <i>Eliminations</i>   | <i>Consolidated</i>   |
|----------------------------------|-----------------------------------|---------------------------------|------------------------------|-----------------------|-----------------------|
| <b>Expenses:</b>                 |                                   |                                 |                              |                       |                       |
| Salaries                         | \$ 12,148,812                     | \$ 2,515,126                    | \$ 191,816                   | \$ (635,865)          | \$ 14,219,889         |
| Payroll tax and fringe benefits  | 2,938,950                         | 455,835                         | 35,971                       | (119,219)             | 3,311,537             |
| Employee training                | 30,481                            | 26,631                          | -                            | -                     | 57,112                |
| Professional services            | 681,624                           | 166,171                         | 6,905                        | (20,000)              | 834,700               |
| Contract services                | 244,318                           | 73,439                          | -                            | -                     | 317,757               |
| Communications                   | 221,747                           | 122,483                         | 1,700                        | -                     | 345,930               |
| Postage                          | 80,267                            | 4,139                           | 383                          | -                     | 84,789                |
| Materials production             | 80,729                            | 37,094                          | 2,314                        | -                     | 120,137               |
| Management fees                  | -                                 | 810,746                         | -                            | (698,300)             | 112,446               |
| Program expense                  | 3,887,793                         | 51,548                          | 198                          | -                     | 3,939,539             |
| Office supplies                  | 107,973                           | 1,271                           | 1,479                        | -                     | 110,723               |
| Licenses, dues and fees          | 167,373                           | 292,268                         | 7,323                        | -                     | 466,964               |
| Travel                           | 59,741                            | 269                             | -                            | -                     | 60,010                |
| Audit expense                    | 108,386                           | 155,133                         | 1,007                        | -                     | 264,526               |
| Legal expense                    | 96,337                            | 525                             | -                            | -                     | 96,862                |
| Insurance                        | 512,596                           | 5,287                           | 1,165                        | -                     | 519,048               |
| Bad debt expense                 | 4,311,961                         | 13,108                          | -                            | (18,000)              | 4,307,069             |
| Repairs and maintenance          | 1,252,420                         | 44,764                          | -                            | -                     | 1,297,184             |
| Utilities                        | 1,086,441                         | 5,054                           | -                            | -                     | 1,091,495             |
| Recruitment                      | 283,169                           | 34,092                          | 135                          | -                     | 317,396               |
| Other taxes                      | 567,690                           | 1,628                           | -                            | -                     | 569,318               |
| Interest                         | 2,877,461                         | 20,605                          | 375,745                      | (672,897)             | 2,600,914             |
| Provider reimbursement           | 43,146                            | -                               | -                            | -                     | 43,146                |
| Other expenses                   | 260,730                           | 123,547                         | 770                          | -                     | 385,047               |
| Depreciation and amortization    | 5,004,530                         | 154,075                         | -                            | (219,714)             | 4,938,891             |
| Client assistance disbursed      | 76,015,546                        | -                               | -                            | -                     | 76,015,546            |
| Computer operations              | 855,876                           | (604,406)                       | 9,601                        | -                     | 261,071               |
| Occupancy                        | 1,208,301                         | (199,632)                       | 11,440                       | (741,048)             | 279,061               |
| Marketing and outreach           | 216,824                           | (155,314)                       | 27,984                       | -                     | 89,494                |
| Cost of single family homes sold | 1,395                             | -                               | -                            | -                     | 1,395                 |
| Loss on impairment               | 377,212                           | -                               | -                            | (377,212)             | -                     |
| Other administrative expenses    | 24,568                            | (50,480)                        | -                            | 55,200                | 29,288                |
|                                  | <u>\$ 115,754,397</u>             | <u>\$ 4,105,006</u>             | <u>\$ 675,936</u>            | <u>\$ (3,447,055)</u> | <u>\$ 117,088,284</u> |
| Total expenses                   | <u>\$ 115,754,397</u>             | <u>\$ 4,105,006</u>             | <u>\$ 675,936</u>            | <u>\$ (3,447,055)</u> | <u>\$ 117,088,284</u> |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

|   | Way Finders       | Common<br>Capital | Affordable<br>Housing<br>Subsidiaries | Other<br>Subsidiaries | Eliminations     | Consolidated      |
|---|-------------------|-------------------|---------------------------------------|-----------------------|------------------|-------------------|
| <i>Cash Flows From Operating Activities:</i>  |                   |                   |                                       |                       |                  |                   |
| Change in net assets  | \$ 4,115,366      | \$ 425,444        | \$ (4,863,934)                        | \$ (298,402)          | \$ 553,946       | \$ (67,580)       |
| Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities: |                   |                   |                                       |                       |                  |                   |
| Depreciation and amortization   | 228,717           | 389               | 4,611,352                             | 318,147               | (219,714)        | 4,938,891         |
| Non-cash contributions  | (3,975,000)       | -                 | -                                     | -                     | -                | (3,975,000)       |
| Contributions restricted for long-term assets   | (16,103)          | -                 | -                                     | -                     | -                | (16,103)          |
| Debt forgiveness income   | (2,692,000)       | -                 | -                                     | -                     | -                | (2,692,000)       |
| Gain on sale of property  | -                 | -                 | -                                     | (377,212)             | 377,212          | -                 |
| Loss on impairment  | -                 | -                 | -                                     | 377,212               | (377,212)        | -                 |
| Bad debt expense  | 4,047,204         | 248,675           | 29,190                                | -                     | (18,000)         | 4,307,069         |
| Recognition of imputed interest   | 54,031            | -                 | 156,539                               | -                     | -                | 210,570           |
| Amortization of financing costs charged as interest expense   | -                 | -                 | 26,470                                | 9,751                 | -                | 36,221            |
| (Increase)/decrease in operating assets:  |                   |                   |                                       |                       |                  |                   |
| Grants receivable   | (1,063,645)       | 43,719            | 325                                   | -                     | -                | (1,019,601)       |
| Capital campaign pledges receivable   | 577,177           | -                 | -                                     | -                     | -                | 577,177           |
| Accounts receivable   | 5,203             | 4,333             | 105,269                               | 192,323               | 16,703           | 323,831           |
| Parent/subsidiaries receivables   | 282,758           | -                 | -                                     | -                     | (282,758)        | -                 |
| Small business loans receivable   | -                 | 109,623           | -                                     | -                     | (218,304)        | (108,681)         |
| Other loans receivable  | (131,953)         | -                 | -                                     | -                     | -                | (131,953)         |
| Interest receivable   | -                 | -                 | -                                     | -                     | 50               | 50                |
| Prepaid expenses and other assets   | (64,900)          | (12,613)          | 65,563                                | -                     | -                | (11,950)          |
| Increase/(decrease) in operating liabilities:   |                   |                   |                                       |                       |                  |                   |
| Accounts payable  | 224,279           | (24,205)          | (148,196)                             | 10,627                | (20,000)         | 42,505            |
| Parent/subsidiaries payables  | -                 | (124,237)         | (91,526)                              | (345,348)             | 561,111          | -                 |
| Accrued expenses  | 526,549           | 18,499            | 17,252                                | (76,302)              | 3,297            | 489,295           |
| Contract advances   | 13,413,776        | -                 | (580,518)                             | -                     | -                | 12,833,258        |
| Deferred revenue  | (726)             | -                 | (5,746)                               | 4,756                 | -                | (1,716)           |
| Escrow liabilities  | 150,763           | -                 | 63,596                                | -                     | -                | 214,359           |
| Accrued interest  | -                 | -                 | 1,349,996                             | -                     | (526,904)        | 823,092           |
| Net cash provided by/(used in) operating activities   | <u>15,681,496</u> | <u>689,627</u>    | <u>735,632</u>                        | <u>(184,448)</u>      | <u>(150,573)</u> | <u>16,771,734</u> |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Cash Flows – *Continued***  
**For the Year Ended June 30, 2021**

|  | Way Finders          | Common<br>Capital   | Affordable<br>Housing<br>Subsidiaries | Other<br>Subsidiaries | Eliminations        | Consolidated         |
|--|----------------------|---------------------|---------------------------------------|-----------------------|---------------------|----------------------|
| <i>Cash Flows From Investing Activities:</i>                       |                      |                     |                                       |                       |                     |                      |
| Purchase of investments  | -                    | -                   | (528)                                 | -                     | -                   | (528)                |
| Proceeds from sale of investments                                  | 71,531               | 7,768               | -                                     | -                     | -                   | 79,299               |
| Proceeds paid on loans receivable                                  | (37,163)             | -                   | -                                     | -                     | 18,000              | (19,163)             |
| Payments received on loans receivable                              | 135,946              | -                   | -                                     | -                     | (119,834)           | 16,112               |
| Payment of work in progress costs                                  | (1,256,395)          | -                   | (11,563,324)                          | (1,774,686)           | (67,731)            | (14,662,136)         |
| Purchase of fixed assets   | (347,815)            | -                   | (68,324)                              | -                     | -                   | (416,139)            |
| Net cash provided by/(used in) investing activities                | <u>(1,433,896)</u>   | <u>7,768</u>        | <u>(11,632,176)</u>                   | <u>(1,774,686)</u>    | <u>(169,565)</u>    | <u>(15,002,555)</u>  |
| <i>Cash Flows From Financing Activities:</i>                       |                      |                     |                                       |                       |                     |                      |
| Contributions restricted for long-term assets                      | 16,103               | -                   | -                                     | -                     | -                   | 16,103               |
| Payments on financing fees and other intangible assets             | -                    | -                   | (133,386)                             | -                     | -                   | (133,386)            |
| Proceeds from mortgages and notes payable                          | -                    | 434,000             | 11,095,126                            | 375,473               | (18,000)            | 11,886,599           |
| Payments on mortgages and notes payable                            | (1,015,756)          | (192,837)           | (3,854,716)                           | (125,000)             | 338,138             | (4,850,171)          |
| Contributed capital  | -                    | -                   | 5,228,698                             | -                     | -                   | 5,228,698            |
| Equity distribution  | -                    | -                   | (5,385)                               | -                     | -                   | (5,385)              |
| Payments on syndication costs                                      | -                    | -                   | (42,517)                              | -                     | -                   | (42,517)             |
| Net cash provided by/(used in) financing activities                | <u>(999,653)</u>     | <u>241,163</u>      | <u>12,287,820</u>                     | <u>250,473</u>        | <u>320,138</u>      | <u>12,099,941</u>    |
| Net increase/(decrease) in cash                                    | <u>13,247,947</u>    | <u>938,558</u>      | <u>1,391,276</u>                      | <u>(1,708,661)</u>    | <u>-</u>            | <u>13,869,120</u>    |
| Cash and restricted cash at beginning of year                      | <u>14,027,512</u>    | <u>1,903,537</u>    | <u>7,769,469</u>                      | <u>2,207,460</u>      | <u>-</u>            | <u>25,907,978</u>    |
| Cash and restricted cash at end of year                            | <u>\$ 27,275,459</u> | <u>\$ 2,842,095</u> | <u>\$ 9,160,745</u>                   | <u>\$ 498,799</u>     | <u>\$ -</u>         | <u>\$ 39,777,098</u> |
| <i>Supplementary Disclosure of Cash Flow Information</i>           |                      |                     |                                       |                       |                     |                      |
| Cash paid for interest (net of \$284,528 of capitalized interest)  | <u>\$ 494,628</u>    | <u>\$ 46,787</u>    | <u>\$ 875,632</u>                     | <u>\$ 148,402</u>     | <u>\$ (145,635)</u> | <u>\$ 1,419,814</u>  |
| Cash paid for income taxes   | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ 456</u>                         | <u>\$ 5,472</u>       | <u>\$ -</u>         | <u>\$ 5,928</u>      |
| <i>Noncash Investing and Financing Activities</i>                  |                      |                     |                                       |                       |                     |                      |
| Capital contributions received through conversion of notes payable | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ 1,038,451</u>                   | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ 1,038,451</u>  |

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements  
June 30, 2021

**1. *The Organization***

Way Finders, Inc. (Way Finders) was incorporated in November 1972, under the provisions of Chapter 180 of the General Laws of the Commonwealth of Massachusetts for the purpose of assisting the social welfare of low and moderate-income persons. Way Finders' initial activity was the administration of an experimental, federally funded housing allowance project in the metropolitan Springfield area, in cooperation with the Commonwealth of Massachusetts. Since 1981, Way Finders' Articles of Organization requires that Way Finders' activities be exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954, as amended. Way Finders' activities are conducted through both the charitable organization and subsidiaries which are described below.

Way Finders was chartered as a NeighborWorks® organization in October 2008. The affiliation with NeighborWorks® requires ongoing reporting and regular management reviews. It also provides opportunities for grants, capital funding and technical assistance, along with training slots for NeighborWorks® training institutes.

Way Finders, its subsidiaries and controlled entities (the Organization) provide assistance to the community under the following programs:

*Rental Assistance*

Rental assistance programs provide rent supplements to qualified low-income households under programs subsidized by federal and state funds. A variety of supportive services are provided to rental assistance participants.

*Client Services*

Client services include temporary shelter and supportive services for the homeless and transitional housing and supportive services for victims of domestic violence and other formerly homeless families. Way Finders provides a wide variety of information and referral services, housing counseling and education services for tenants, as well as access to financial assistance to help families and individuals avoid homelessness. The services are funded through federal and state programs and private grants and donations.

*Small Business Lending*

Small business lending programs stimulate the local economy by providing small business loans and business assistance primarily to low and moderate-income residents of Western Massachusetts who lack access to traditional financing arrangements.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**1. *The Organization – Continued***

*Home Ownership Services*

Home ownership services include education and counseling for first-time homebuyers, post-purchase and foreclosure prevention counseling, and educational services for rental property owners. Way Finders also provides access to financial resources for down payment and closing costs, to address lead-paint hazards in the home, and for home modification loans for the disabled.

*Real Estate Development & Property Management*

Real estate development services include both new construction and purchase and rehabilitation of properties to provide affordable individual, single family and multi-family rental housing and affordable owner occupied housing. These activities are financed by accessing federal and state programs and private lenders. Property management services are provided to various affordable housing projects. Way Finders and its subsidiaries own a direct or indirect interest in most of the projects developed by Way Finders. These efforts are aimed at ensuring that the properties meet the needs of their low to moderate income residents as well as maintaining the financial viability of these properties in the future.

*Rental Properties*

Rental properties provide affordable housing to eligible tenants under short-term operating leases. Rental properties include properties wholly owned by Way Finders and its subsidiaries as well as partnerships that are controlled by Way Finders and its subsidiaries through general partner interests.

*Principles of Consolidation*

The Organization includes the following:

*Common Capital, Inc.*

Common Capital, Inc. was organized as a non-profit corporation to provide small business loans and business assistance to companies owned by low and moderate-income residents. Effective April, 1, 2017, the Organization acquired Common Capital, Inc. as a result of Way Finders becoming the sole member of Common Capital, Inc. through a strategic alliance agreement.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**1. *The Organization – Continued***

*Affordable Housing Subsidiaries*

HAP Community Housing Services, Inc. (HAP-CHS) is a wholly-owned subsidiary of Way Finders. HAP-CHS is a for-profit corporation, formed in August 1982 for the purpose of developing and operating affordable housing. HAP-CHS owns and operates Mountain View Apartments, an affordable housing apartment complex located in Hadley, Massachusetts. Additionally, HAP-CHS is a general partner in Dwight Clinton Joint Venture, which owns and operates Dwight Clinton Apartments. HAP-CHS's stock has no par value with 1,000 shares authorized and 700 shares issued and outstanding.

Southampton Housing for the Elderly, Inc. was organized in 1983 as a non-profit corporation, to provide elderly and disabled persons of low to very low income with housing facilities and services specifically designed to meet their needs in Southampton, Massachusetts. Southampton Housing for the Elderly, Inc.'s Board of Directors is made up of Way Finders' employees.

Stevens Senior Housing of Ludlow, Inc. was organized in 2010 as a non-profit corporation, to provide elderly persons of low income with housing facilities in Ludlow, Massachusetts. The majority of Stevens Senior Housing of Ludlow, Inc.'s Board of Directors is made up of members of Way Finders' Board of Directors and Way Finders' employees.

Butternut Properties Limited Partnership was formed on February 21, 2003, as a limited partnership to build, own, maintain and operate an affordable housing apartment complex located in Amherst, Massachusetts. The Partnership consists of one general partner, Butternut Housing, Inc. with a .01% share and one limited partner, Whitcombs Walnut LLC with a 99.99% share.

Dwight Clinton Joint Venture was formed in July 1987 as a joint venture to acquire, rehabilitate and operate a transitional and low income family apartment building in Holyoke, Massachusetts. Way Finders and HAP-CHS each own a 50% interest in Dwight Clinton Joint Venture.

NewCourt Terrace LLC was formed on July 22, 2002, as a limited liability company to build, own, maintain and operate an affordable housing apartment complex located in Springfield, Massachusetts. The Company consists of one managing member, Kibbe Court, Inc. with a .01% share and one investor member with a 99.99% share. Effective December 31, 2019, WF Real Estate LLC acquired the investor limited member interest from the original investor making the Company a wholly owned subsidiary of Way Finders.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**1. *The Organization – Continued***

Paradise Pond, LLC was formed as a single member LLC, owned by Way Finders, in May 2005 to acquire, rehabilitate and operate an affordable housing apartment complex located in Northampton, Massachusetts.

The following entities were formed for the purpose of acquiring, rehabilitating and operating affordable housing properties in Western Massachusetts and are controlled by Way Finders through its subsidiary interests in general partner interests. The limited partner interests are reflected as non-controlling interests in the net assets section of the consolidating financial statements.

- CBA Housing Limited Partnership
- Church Street School Limited Partnership
- KenQuad Limited Partnership
- Library Commons Limited Partnership
- Live Pleasant Limited Partnership
- Lumber Yard Northampton Limited Partnership
- Olympia Amherst Limited Partnership
- Parsons Limited Partnership
- Sergeant House Limited Partnership
- Verano Apartments Limited Partnership

*Other Subsidiaries*

1780 HCHQ, Inc. (HCHQ) was organized in 2018 as a non-profit corporation, to support the functions of and carry out the purposes of Way Finders. During 2018, HCHQ acquired property on Main Street in Springfield, Massachusetts which was developed into Way Finders' new housing center and headquarters.

Lumber Master LLC was formed June 25, 2019, as a limited liability company to maintain and operate 5,451 of commercial/retail/office real estate located in Northampton Massachusetts. The Partnership consists of two members: Way Finders as the managing member has a 51% share and Valley Community Development Corporation (Valley CDC) has a 49% share.

MBL Housing and Development LLC (MBL) is a wholly owned subsidiary of Way Finders. MBL was acquired on July 1, 2015 and converted from an S Corporation to a single member LLC in August 2015. MBL provides consulting services to developers of affordable housing projects.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**1. *The Organization – Continued***

HAP Revitalization LLC was formed as a single member LLC, owned by Way Finders, in March 2009 for the purpose of acquiring real estate for neighborhood revitalization programs. HAP Revitalization dissolved during fiscal year 2021.

Neighborhood Collaborative LLC (the Collaborative) was originally formed as a single member LLC in April 2005 owned by Way Finders. In 2006, additional members were admitted. Way Finders remains the managing member and 51% owner. The Collaborative acquired real property in target areas to be developed by members of the Collaborative. During fiscal year 2021, the Collaborative transferred all of its assets and liabilities to WF Real Estate Holdings LLC and subsequently dissolved.

Chicopee Kendall LLC was formed as a sole member LLC, owned by Way Finders, in December 2008 for the purpose of acquiring the limited partnership interests in syndicated limited partnerships at the end of their tax credit compliance period. Additionally, Chicopee Kendall LLC acquires real estate property for the development of future affordable housing apartment complexes.

Fuller Future LLC was formed as a single member LLC, owned by Way Finders, in October 2015 for the purpose of acquiring and developing property located on Fuller Street in Ludlow, Massachusetts.

LC2 Holyoke LLC was formed as a single member LLC, owned by Way Finders, in June 2018 for the purpose of acquiring and developing properties located on Appleton Street, Elm Street and Chestnut Street in Holyoke, Massachusetts.

Rosewood Way LLC was formed as a single member LLC, owned by Way Finders, in March 2019 for the purpose of acquiring and developing properties located on Mill Street in Agawam, Massachusetts.

WF Real Estate Holdings LLC was formed as a single member LLC, owned by Way Finders, in March 2019 for the purpose of acquiring the limited investor member interest in NewCourt Terrace LLC. Additionally, WF Real Estate Holdings LLC acquired real estate property previously held by the Collaborative.

Whitcombs Walnut LLC was formed as a single member LLC, owned by Way Finders, in January 2010 for the purpose of acquiring the limited partnership interest in Butternut Properties Limited Partnership.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**1. *The Organization – Continued***

Butternut Housing, Inc. is a wholly owned subsidiary of HAP-CHS. Butternut Housing, Inc. is a for-profit corporation formed in February 2003 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Butternut Housing, Inc. is the general partner of Butternut Properties Limited Partnership with a 0.01% interest. Butternut Housing, Inc.'s stock has no par value with 15,000 shares authorized and 79 shares issued and outstanding.

CBA Charlton Housing, Inc. is a wholly owned subsidiary of Way Finders. CBA Charlton Housing, Inc. is a for-profit corporation formed in November 2008 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. CBA Charlton Housing, Inc. is the general partner of CBA Housing Limited Partnership with a 0.01% interest. CBA Charlton Housing, Inc.'s stock has no par value with 1,000 shares authorized and 79 shares issued and outstanding.

Kibbe Court, Inc. is a wholly owned subsidiary of HAP-CHS. Kibbe Court, Inc. is a for-profit corporation formed in July 2002 for the purpose of developing and operating affordable housing through its role as managing member in a limited liability company. Kibbe Court, Inc. is the managing member of NewCourt Terrace LLC with a 0.01% interest. Kibbe Court, Inc.'s stock has no par value with 15,000 shares authorized and 79 shares issued and outstanding.

Verano, Inc. is a wholly owned subsidiary of HAP-CHS. Verano, Inc. is a for-profit corporation formed in September 2004 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Verano, Inc. is the general partner of Verano Apartments Limited Partnership with a 0.01% interest. Verano, Inc.'s stock has no par value with 1,000 shares authorized and 79 shares issued and outstanding.

Belmont Byers LLC is a 79% owned subsidiary of Way Finders. Belmont Byers LLC was formed in November 2014 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Belmont Byers LLC is the general partner of KenQuad Limited Partnership with a 0.01% interest.

Greenville Park LLC was originally formed as a single member LLC in April 2007, owned by Way Finders. An additional member was admitted in June 2009. Way Finders remains the managing member and 79% owner. Greenville Park LLC is the general partner of Church Street School Limited Partnership with a 0.01% interest.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**1. *The Organization – Continued***

Library Commons LLC is a wholly owned subsidiary of Way Finders. Library Commons LLC was formed in May 2019 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Library Commons LLC is the general partner of Library Commons Limited Partnership with a 0.01% interest.

Lumber Yard 256 LLC is a 51% owned subsidiary of Way Finders. Lumber Yard 256 LLC was formed in September 2017 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Lumber Yard 256 LLC is the general partner of Lumber Yard Northampton Limited Partnership with a 0.01% interest.

Olympia Drive 85 LLC is a 79% owned subsidiary of Way Finders, Inc. Olympia Drive 85 LLC was formed in May 2013 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Olympia Drive 85 LLC is the general partner of Olympia Amherst Limited Partnership with a 0.01% interest.

Parsons Village LLC is a 51% owned subsidiary of Way Finders. Parsons Village LLC was formed in January 2014 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Parsons Village LLC is the general partner of Parsons Limited Partnership with a 0.01% interest.

Pleasant Crossings LLC is a 79% owned subsidiary of Way Finders. Pleasant Crossings LLC was formed in August 2016 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Pleasant Crossings LLC is the general partner of Live Pleasant Limited Partnership with a 0.01% interest.

Sergeant House GP LLC is a 51% owned subsidiary of Way Finders. Sergeant House GP LLC was formed in September 2018 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Sergeant House GP LLC is the general partner of Sergeant House Limited Partnership with a 0.01% interest.

**2. *Summary of Significant Accounting Policies***

*Accounting Method*

The Organization uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

*Revenue Recognition*

*Contributions, Grants and Government Contracts*

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statement of activities as net assets released from restrictions. Conditional contributions are not included as support until the conditions are met.

Grant income from interest-free and below market rate loans is recorded as an increase in net assets with donor restrictions and recognized at the amount by which the principal loan exceeds the net present value of the amount due at maturity. The related net assets with donor restrictions are amortized to interest expense over the life of the loan using the effective interest rate method.

The Organization receives revenue from fixed price, cost reimbursement or unit based government grants and contracts. These grants and contracts are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenditures and are recognized as revenue when the conditions have been met. Way Finders also manages the day-to-day operations of various federal and state subsidy programs on behalf of local landlords and tenants. Way Finders bills each federal and state agency monthly and, in turn, distributes these funds to the landlords. Amounts received prior to satisfying the grant or contract conditions are reported as advances on grants and contracts in the consolidating statement of financial position.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

*Contracts with Customers and Other Exchange Transactions*

The Organization provides services to real estate development projects under written development service agreements which define the scope of activities to be provided by the Organization. The activities within the agreements are highly interdependent with each other and comprise an integral series of activities associated with the completion of a real estate development project. The agreements define the fixed compensation that the Organization is expected to receive and a schedule of payments to be made by the project. The performance obligations under the agreements are satisfied over time. The Organization recognizes revenue from development service agreements over time as services are rendered based on the amount of reimbursable costs incurred and the ratio of development costs incurred to total budgeted development costs. Due to the contingent nature of a real estate development project getting funded, revenue recognition does not begin until it is probable a project will have sources of funds to make the payments under the agreement. At the beginning and end of year ended June 30, 2021, contract assets related to development service fees consisted of accounts receivable in the amounts of \$544,250 and \$275,241, respectively. There were no contract liabilities related to development service fees at the beginning or end of year ended June 30, 2021.

The Organization provides services to affordable housing rental projects under written management service agreements which define the scope of activities to be provided by the Organization. Services include managing the rental operations of the projects as well as asset management services provided to the project's owner. Fees for rental operation services are earned monthly based on the terms in the agreement which provide for compensation based on a percentage of rent collections or a fixed fee for each occupied housing unit. Asset management fees are recognized annually and may be contingent upon a project's available net cash flow. At the beginning and end of year ended June 30, 2021, contract assets related to property and asset management fees consisted of accounts receivable in the amounts of \$7,769 and \$8,030, respectively. There were no contract liabilities related to property and asset management fees at the beginning or end of year ended June 30, 2021.

The Organization receives residential rental income from apartments, which are reserved for people with low income. Residential rental income is recognized at gross potential rent of the apartments based on the current rents. Rental income is recognized for commercial space rentals on a straight-line basis over the term of the lease. Advance receipts of rental income are deferred and classified as liabilities until earned. All leases between the Partnership and its tenants are operating leases. The Organization believes that the rental income stream is exempted from compliance with Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) due to its inclusion under current and future lease standards.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

The Organization has additional revenue streams from educational and counseling services provided to current and potential homeowners; lending fees related to closing small business loans; and tenant charges including laundry, damages and other miscellaneous fees. These amounts are not significant to the financial statements and are recognized as revenue at the point in time the services are provided or fees are incurred.

*Net Asset Classification*

Net assets of the Organization are classified into two categories based on the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Cash and Cash Equivalents*

For the purpose of the statement of cash flows, all highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. At June 30, 2021, the Organization did not have any cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statement of cash flows:

|  |                             |
|--|-----------------------------|
| Cash   | \$ 10,383,457               |
| Restricted cash - current  | 19,499,644                  |
| Restricted cash - non-current  | <u>9,893,997</u>            |
| Total cash and restricted cash shown in the<br>consolidating statement of cash flows | <u><u>\$ 39,777,098</u></u> |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

Restricted cash consists of cash received under contracts with contract imposed restrictions, revolving loan funds, capital project funds, client funds held in trust, and mortgagor restricted escrows and funded reserves. All restricted cash is required to be held in separate accounts. See Note 3 for more information.

*Loans Receivable*

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is increased by charges to provision for losses and decreased by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on loan terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the loan terms. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral or for other reasons.

Loans are placed on non-accrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on non-accrual loans is recognized only to the extent cash payments are received. Costs and fees associated with the issuance of loans are expensed in the period incurred.

*Grants and Capital Campaign Pledges Receivable*

Unconditional promises to give are presented net of an allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and promises to give are charged off when deemed uncollectible. At June 30, 2021, the Organization has not established any allowance for uncollectible promises to give because, based upon past experience, all amounts are considered collectible.

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 future years are recorded at the present value of their estimated 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. Discount amortization is included in contribution revenue.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

*Grants and Capital Campaign Pledges Receivable*

Unconditional promises to give are presented net of an allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and promises to give are charged off when deemed uncollectible. At June 30, 2021, the Organization has not established any allowance for uncollectible promises to give because, based upon past experience, all amounts are considered collectible.

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 future years are recorded at the present value of their estimated 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. Discount amortization is included in contribution revenue.

*Accounts Receivable*

Accounts receivable are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and accounts receivable are charged off when deemed uncollectible. At June 30, 2021, the Organization has not established any allowance for uncollectible accounts because, based upon past experience, all amounts are considered collectible.

*Investments*

The Organization accounts for its investments in non-controlled entities with voting rights using the equity method of accounting. Under the equity method, the investment is carried at cost and adjusted for the Organization's share of income, losses, additional investments, and cash distributions from the entities. The Organization ceases recognition of losses for financial statement purposes once the cost of the investment is reduced to zero. Changes in the value of the investments, which are other than temporary, are recognized as necessary.

Other investments in non-controlled entities are accounted for using the cost method. Changes in the value of the investments, which are other than temporary, are recognized as necessary.

Certificates of deposits (CD's) are investments that are not debt or equity securities and are recorded at cost. CD's with an original maturity less than one year are classified as current assets on the consolidating statement of financial position.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

*Fixed Assets*

Fixed assets are carried at cost less accumulated depreciation. The Organization capitalizes all expenditures for furniture, equipment, and leasehold improvements with a useful life of more than one year and a cost of over \$1,000. Depreciation expense totaled \$4,834,080 for the year ended June 30, 2021. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Estimated useful lives are as follows:

|                       |               |
|-----------------------|---------------|
| Building              | 20 – 40 years |
| Improvements          | 5 – 40 years  |
| Furniture & equipment | 3 – 10 years  |
| Software              | 3 years       |

Long lived assets, such as buildings are reviewed on an ongoing basis for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated by the asset including any estimated proceeds from the eventual disposition of the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2021, management has determined that there has been no impairment of the long lived assets.

Management uses the direct expense method to account for planned major maintenance activities, under which actual costs incurred are expensed directly when maintenance is performed.

*Work in Progress*

In connection with its real-estate development activities, the Organization capitalizes all pre-acquisition, acquisition, development and construction costs as work in progress.

The Organization follows the policy of capitalizing interest on notes financing the construction of projects as a component of work in progress. If a project is abandoned, the costs are charged to expense in the year of abandonment. At June 30, 2021, work in progress of \$18,428,564 is reflected at cost, which approximates net realizable value. Work in progress is pledged as collateral for the related loans (Note 9).

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

*Amortization*

Costs associated with Way Finders' subsidiaries' acquisition of the tax credits and initial lease up totaling \$754,914 are recorded at cost and amortized over their estimated useful lives. Amortization expense for the year ended June 30, 2021 was \$104,811.

Estimated amortization expense for the next five years is:

| <i>Fiscal Year</i> | <i>Amount</i> |
|--------------------|---------------|
| 2022               | \$38,706      |
| 2023               | \$38,706      |
| 2024               | \$36,762      |
| 2025               | \$36,583      |
| 2026               | \$34,920      |

*Financing Costs*

Financing costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of financing costs is reported as a component of interest expense and is computed using the straight-line method over the related mortgage notes terms.

*Advertising Costs*

The Organization expenses advertising costs when they are incurred.

*Below Market Loans*

Section 42 of the Internal Revenue Code governs the administration of the Low Income Housing Tax Credit (LIHTC), a tax incentive created to foster a legislated public policy directive of the United States of America to create affordable low income housing. Some of Way Finders' subsidiaries were formed in order to create low income housing in order to generate LIHTC.

Other governmental entities having a similar policy have lent money to these subsidiaries at advantageous terms. These subsidiaries have not discounted their below market interest rate loans as they were made at arm's length and to preserve the integrity of costs eligible for the LIHTC.

Way Finders and its subsidiaries discount below market loans to their present value when proceeds are received. The excess of proceeds over their present value are recognized as grant income. The discounts on below market loans are amortized to interest expense over the lives of the loans.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

2. ***Summary of Significant Accounting Policies – Continued***

*Income Taxes*

Way Finders, Common Capital, Inc., 1780 HCHQ, Inc., Southampton Housing for the Elderly, Inc., and Stevens Senior Housing of Ludlow, Inc. are exempt from income taxes as non-profit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code and are also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the year ended June 30, 2021, these entities had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these consolidating financial statements. Way Finders' for-profit subsidiaries file separate income tax returns.

Way Finders' for-profit corporate subsidiaries account for income taxes, whereby deferred taxes are recognized using the liability method. This method calculates deferred tax assets and liabilities based on tax rates that are expected to apply when temporary differences reverse.

Regarding Way Finders' partnership subsidiaries, no provision has been made for Federal or state income taxes since each partner or member includes its pro-rata share of net income or loss in its return.

The Organization evaluates tax positions taken or expected to be taken in its tax returns and in its subsidiaries' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. At June 30, 2021, Way Finders believes that it has no uncertain tax positions within its tax returns or within any of its subsidiaries' open tax returns (2018-2021).

*Estimates*

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

*Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs based on direct charges, personnel time estimates, space utilization and number of housing units administered.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**3. *Restricted Cash and Restricted Investments***

Restricted cash and restricted investments consist of the following:

|   | <i>Cash</i>         | <i>Investments</i> |
|---|---------------------|--------------------|
| Federal rental assistance                       | \$ 3,807,558        | \$ -               |
| State rental assistance                         | 13,554,970          | -                  |
| Capital projects fund                           | 726,110             | -                  |
| Unadvanced loan program proceeds                | 1,406,585           | -                  |
| Client deposits held in trust                   | 1,253,816           | -                  |
| Undisbursed construction funds                  | 38,166              | -                  |
| Mortgage escrows and reserves                   | 7,336,150           | 124,338            |
| Small business lending and revolving loan funds | <u>1,270,286</u>    | <u>-</u>           |
| Total   | <u>\$29,393,641</u> | <u>\$ 124,338</u>  |

**4. *Investments***

*Equity Method Investments*

Common Capital, Inc.'s investment in CTI Energy Services, LLC is accounted for using the equity method because Common Capital, Inc. has voting rights on CTI Energy Services, LLC's Management Board. Common Capital initially contributed \$50,000 for a 2.34% ownership interest. Common Capital, Inc.'s share of net loss for the year ended June 30, 2021 was \$7,768. At June 30, 2021, the investment in CTI Energy Services, LLC was \$18,766.

*Cost Method Investment*

The Organization holds several CD's with original maturities greater than three months. The CD's accrue interest at rates ranging from 0.03% to 0.5% and mature between August 23, 2021 and January 13, 2022. At June 30, 2021, the CD's balances were \$182,603.

Way Finders invested \$51,510 for a 1% subscriber's interest in HPI Holding Company, Inc. (HPI). Way Finders along with various other unrelated entities entered into a contractual agreement to form HPI, a Vermont insurance company. Way Finders purchases its liability insurance through HPI. The investment in HPI Holding, Inc. is valued at cost due to the lack of information that can be used to approximate the fair value. Management annually receives audited financial statements and performs an assessment of any possible impairment. As of June 30, 2021, management has determined that no such impairment exists.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

4. ***Investments – Continued***

Common Capital, Inc. purchased 498 shares of Real Pickle Cooperative Inc.’s preferred stock for \$12,450. At June 30, 2021, the investment is carried at its original cost of \$12,450.

5. ***Capital Campaign Pledges and Grants Receivable***

Capital campaign pledges and grants receivable consist of the following:

| <i>Description</i>                                   | <i>Amount</i>              |
|--|----------------------------|
| Capital campaign pledges                             | \$ 670,578                 |
| Family shelter services program                      | 731,242                    |
| Federal rental assistance programs                   | 452,104                    |
| Emergency rental and mortgage assistance programs    | 575,407                    |
| Small business lending programs                      | 119,005                    |
| HomeBase program                                     | 48,732                     |
| Housing consumer education center program            | 191,435                    |
| Foreclosure prevention programs                      | 306,311                    |
| Secure jobs program                                  | 34,587                     |
| Safe step program                                    | 137,485                    |
| Rental assistance for families in transition program | 34,110                     |
| Continuum of care program                            | 70,695                     |
| Other  | <u>227,091</u>             |
| Total  | <u><u>\$ 3,598,782</u></u> |

Capital campaign pledges and grants receivable are expected to be collected as following:

|                                 |                            |
|---------------------------------|----------------------------|
| In one year or less             | \$ 3,517,088               |
| Between one year and five years | <u>84,089</u>              |
| Gross contributions receivable  | 3,601,177                  |
| Unamortized discount            | <u>(2,395)</u>             |
| Net contributions receivable    | <u><u>\$ 3,598,782</u></u> |

Contributions to be received beyond one year have been discounted to the anticipated net present value of the future cash flows at rates between 0.18% and 2.12%.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**6. *Small Business Loans Receivable***

At June 30, 2021, Common Capital, Inc. has \$4,726,741 of notes receivable (net of eliminations totaling \$397,110) less an allowance for loan losses of \$471,150. The loans accrue interest at rates between 2% and 10% and mature at various times through October 2043. Loan balances totaling \$1,573,401 are pledged as security for Common Capital, Inc.’s notes payable described in Note 9.

The following table presents informative data regarding the aging of small business loans receivable at June 30, 2021:

|                                       |                           |
|---------------------------------------|---------------------------|
| Current balances                      | \$4,653,155               |
| Past due balances:                    |                           |
| 30-60 days                            | 15,014                    |
| 61-90 days                            | 6,282                     |
| > 90 days                             | <u>52,290</u>             |
| Total past due balances               | <u>73,586</u>             |
| Total small business loans receivable | <u><u>\$4,726,741</u></u> |

At June 30, 2021, no small business loans are deemed to be impaired.

*Allowance for Loan Losses*

Common Capital, Inc. uses an internal risk rating and loan loss reserve methodology to better measure the impact of changes in market conditions, borrower capacity and collateral condition in order to calculate its annual loan loss reserve amount. The reported loan loss reserve for the year ended June 30, 2021 reflects this methodology. All loans are evaluated individually. Each class of loan requires judgment to determine the estimation method that fits the credit risk characteristics within the portfolio. There were no changes in Common Capital, Inc.’s accounting policies and practices during the year.

Common Capital, Inc. estimates loan losses using an internally developed risk review method applied to all performing loans which considers the loan-to-value, lien priority, historical loss experience, or other factors that could impact the probability of default and potential loss. Management applies judgment to develop its own view of loss probability within the portfolios with the objective of establishing an allowance for the losses within the portfolios as of the reporting date.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**6. *Small Business Loans Receivable – Continued***

Reflected in the portions of the allowance is an amount for uncertainty and imprecision in determining allowance valuations. It is the practice of Common Capital, Inc. to charge off any loan when the loan is determined to be uncollectible due to the borrower’s failure to meet repayment terms, the borrower’s continued deteriorating financial position, the loan to value has changed significantly, the underlying collateral has depleted, or for other subjective factors. No single statistic or measurement determines the adequacy of the allowance for loan losses. Changes in the allowance for loan losses and the related provision expense can have a material impact on the change in net assets.

Activity in the allowance for loan losses is as follows:

|                                |                   |
|--------------------------------|-------------------|
| Balance on July 1, 2020        | \$ 376,561        |
| Provision for losses           | 216,675           |
| Provision for forgivable loans | 32,000            |
| Loans charged off              | <u>(154,086)</u>  |
| Balance on June 30, 2021       | <u>\$ 471,150</u> |

*Credit Quality Information*

Risk ratings are used to assess individual credit risk and as a tool in assessing overall portfolio risk. Risk ratings are used by Common Capital, Inc. to capture business risk and viability. Historical financial performance and collateral protection are not considered material drivers of risk rating until such time as a loan appears to have reduced viability. In the event of a question of viability, the loan loss reserve may be set separately from the risk rating in order to capture loss potential. The internal risk ratings are as follows:

| <i>Risk<br/>Rating</i> | <i>Description of Creditworthiness</i>                          | <i>Assigned Loan<br/>Loss<br/>Percentage</i> |
|------------------------|---|--|
| 1                      | Viability of collection is very high                            | 3%   |
| 2                      | Viability of collection is high                                 | 6%   |
| 3                      | Viability of collection is good but subject to external factors | 12%  |
| 4                      | Viability of collection is subject to external factors          | 20%  |
| 5                      | Reasonable chance of effecting a turnover or restructuring      | 25% - 50%                                    |
| 6                      | Probability of turnaround is low                                | 75%  |
| 7                      | Loss status; business assets liquidated                         | 100%   |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**6. *Small Business Loans Receivable – Continued***

The recorded small business loans receivable by credit quality indicator as of June 30, 2021 is as follows:

|   |                               |
|---|-------------------------------|
| Risk rating 1                             | \$ 820,864                    |
| Risk rating 2                             | 2,970,848                     |
| Risk rating 3                             | 567,520                       |
| Risk rating 4                             | 18,954                        |
| Risk rating 5                             | 316,555                       |
| Risk rating 7                             | <u>32,000</u>                 |
| <br>Total small business loans receivable | <br><u><u>\$4,726,741</u></u> |

The information used to internally rate the small business loans was updated as of June 30, 2021. As necessary, adjustments are made to Common Capital, Inc.’s method of estimating the allowance for loan losses.

**7. *Other Loans Receivable***

*Home Modification Loan Program*

Way Finders has an agreement with the Community Economic Development Assistance Corporation (CEDAC) to administer a home modification loan program (HMLP) which offers loans of \$50,000 or less to eligible property owners. Under HMLP, loans are made to finance modifications to homes to provide for the needs of elders or persons with disabilities. The loans are secured by promissory notes and mortgages on borrower’s homes and carry annual interest rates of 0% to 3%. The majority of these loans are interest-free, with repayment required when the property is sold or the title is transferred. Amortized loans do not require monthly payments, with repayment required between 5 and 15 years depending on the loan amount.

Proceeds from repayment of loans will be used to make new loans under HMLP. Upon termination of the HMLP contract, all assets of HMLP are to be returned to CEDAC.

At June 30, 2021, Way Finders was servicing \$9,106,090 of outstanding HMLP loans with 308 homeowners and \$1,182,379 of program funds were in a restricted cash account for future lending. At June 30, 2021, the total program assets under the HMLP was \$10,288,469.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

7. ***Other Loans Receivable – Continued***

*NMTC Leverage Loan*

On December 20, 2018, under the new Market Tax Credit (NMTC) structure, Way Finders entered into a leverage loan agreement with COCRF Investor 140, LLC (Investment Fund), in the amount of \$10,044,800, funded in two tranches of \$9,550,364 and \$494,436. The loans are secured by the Investment Fund's interest in certain limited liability companies. The Investment Fund used the proceeds to make equity contributions to NMTC investors who, in a combination with investor equity, provided NMTC loans to 1780 HCHQ, Inc. (see Note 9). The leverage loans are payable in quarterly installments of interest only at a rate of 1.377% through December 2026, and thereafter, in quarterly installments of principal and interest of \$95,555 and \$42,352, respectively, through December 2046. At June 30, 2021, the outstanding loan balances were \$9,550,364 and \$494,436.

*Hunter Place Apartments Limited Partnership*

The rights to Hunter Place Apartments Limited Partnership's Massachusetts low-income housing tax credits were donated to Way Finders in 2016. Way Finders sold these tax credits to Clocktower Tax Credits, LLC for \$1,350,186. Way Finders subsequently loaned the sales proceeds back to Hunter Place Apartments Limited Partnership. The note is secured by the apartment complex, accrues interest at 0.01% compounded annually, and matures on December 31, 2054. At June 30, 2021, the outstanding loan balance was \$1,350,186. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

*Chapin School Veterans Housing LLC*

The rights to Chapin School Veterans Housing LLC's Massachusetts low-income housing tax credits and Massachusetts historic tax credits were donated to Way Finders in 2017. Way Finders sold these low-income and historic tax credits to Quincy Mutual Fire Insurance Company for \$760,000 and \$890,000, respectively. Way Finders subsequently loaned sales proceeds of \$730,000 and \$890,000 back to Chapin School Veterans Housing LLC. The notes are secured by the apartment complex, accrue interest at 0.01% compounded annually, and mature on December 31, 2055. At June 30, 2021, the outstanding loan balances were \$730,000 and \$890,000. Way Finders has fully allowed against the outstanding loan balances and has not recognized accrued interest income due to the length of the maturity period and the loans' repayment priority.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

7. ***Other Loans Receivable – Continued***

*Agawam Veterans Housing, LLC*

The rights to Agawam Veterans Housing, LLC's Massachusetts low-income housing tax credits and Massachusetts historic tax credits were donated to Way Finders in 2018. Way Finders sold these low-income and historic tax credits to Stratford Agawam Investors Limited Partnership for \$1,050,167 and \$2,047,000, respectively. Way Finders subsequently loaned sales proceeds of \$1,050,167 and \$2,047,000 back to Agawam Veterans Housing, LLC. The notes are secured by the apartment complex, accrue no interest, and mature on December 31, 2057. At June 30, 2021, the outstanding loan balances were \$1,050,167 and \$2,047,000. Way Finders has fully allowed against the outstanding loan balances due to the length of the maturity period and the loans' repayment priority.

*St. James Common Apartments LLC*

The rights to St. James Common Apartments LLC's Massachusetts historic tax credits were donated to Way Finders in 2019. Way Finders sold these tax credits to Apple, Inc. for \$1,316,000. Way Finders subsequently loaned the sales proceeds of \$1,274,000 back to St. James Common Apartments LLC. The note is secured by the apartment complex, accrues interest at 2.82% compounded annually, and matures on December 31, 2057. At June 30, 2021, the outstanding loan balance was \$1,274,000. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

*Kendall Apartments LLC*

The rights to Kendall Apartments LLC's Massachusetts low-income tax credits were donated to Way Finders in 2019. Way Finders sold these tax credits to RSEP Holdings, LLC for \$1,184,574. Way Finders subsequently loaned the sales proceeds of \$1,184,574 back to Kendall Apartments LLC. The note is secured by the apartment complex, accrues interest at 2% compounded annually, and matures on October 8, 2048. At June 30, 2021, the outstanding loan balance was \$1,184,574. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

*Moseley Apartments Limited Partnership*

The rights to Moseley Apartments Limited Partnership's Massachusetts historic tax credits were donated to Way Finders in 2020. Way Finders sold these tax credits to Arbella Mutual Insurance Company for \$1,217,635. Way Finders subsequently loaned the sales proceeds of \$1,217,635 back to Moseley Apartments Limited Partnership. The note is secured by the apartment complex, accrues interest at 3.05% compounded annually, and matures on December 31, 2064. At June 30, 2021, the outstanding loan balance was \$1,217,635. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

7. ***Other Loans Receivable – Continued***

*MacArthur Terrace LLC*

The rights to MacArthur Terrace LLC's Massachusetts low-income housing tax credits were donated to Way Finders in 2021. Way Finders sold these tax credits to the Savings Bank Mutual Life Insurance Company of Massachusetts for \$3,975,000. Way Finders subsequently loaned the sales proceeds of \$3,975,000 back to MacArthur Terrace LLC. The note is non-interest bearing, secured by the apartment complex and matures on December 31, 2062. At June 30, 2021, the outstanding loan balance was \$3,975,000. Way Finders has fully allowed against the outstanding loan balance due to the length of the maturity period and the loan's repayment priority.

*Community Development Corporation of South Berkshire, Inc.*

On June 27, 2018, Way Finders provided financing to Community Development Corporation of South Berkshire, Inc. (CDCSB) approved up to \$100,000 in the form of a note receivable. During 2021, the approved amount was increased to \$125,000. The proceeds from the note will be used by CDCSB to acquire real estate located at 910 Main Street in Great Barrington, Massachusetts. The note accrues interest at 4.25% per annum and payment of outstanding principal and interest are due upon the closing of construction financing but no later than June 30, 2023. The note is secured by the real estate located at 910 Main Street in Great Barrington, Massachusetts. At June 30, 2021, the outstanding loan receivable balance was \$100,788.

*32 Byers Street, Inc.*

Way Finders provided financing to 32 Byers Street, Inc. approved up to \$150,000. The proceeds from the note will be used to refinance the borrower's mortgage on its real estate. The note accrues interest at 4.025% per annum and is secured by the real estate located at 32 Byers Street in Springfield, Massachusetts. The note requires monthly payments of principal and interest and matures on October 31, 2028. At June 30, 2021, the outstanding loan receivable balance was \$127,384.

*Pioneer Valley Grows Investment Fund, Inc.*

Common Capital has invested \$10,000 with Pioneer Valley Grows Investment Fund, Inc. in the form of an unsecured loan receivable. The proceeds of the loan are being used by Pioneer Valley Grows Investment Fund, Inc. to invest in local community farms and farmland. The loan accrues interest at 2% per annum and matured December 2, 2025. At June 30, 2021, the outstanding balance on the loan receivable was \$10,000.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**8. *Advances on Grants and Contracts***

Advances on grants and contracts consist of the following:

| <i>Description</i>                               | <i>Amount</i>               |
|--|-----------------------------|
| Federal rental assistance programs               | \$ 3,924,345                |
| Massachusetts rental assistance programs         | 776,707                     |
| Home modification loan program                   | 10,530,460                  |
| Tax credit exchange funds                        | 2,805,785                   |
| Rental assistance for families in transition     | 11,874,769                  |
| Emergency rent and mortgage assistance           | 167,409                     |
| FHLBB affordable housing program                 | 500,000                     |
| HomeBase program                                 | 289,862                     |
| Financial literacy and debt resolution education | 205,205                     |
| Foreclosure prevention programs                  | 248,141                     |
| Other  | <u>155,270</u>              |
| Total contract advances                          | <u><u>\$ 31,477,953</u></u> |

**9. *Mortgages and Notes Payable***

Mortgages and notes payable consist of the following at June 30, 2021:

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <i>Way Finders, Inc.:</i>  |                   |                       |
| <i>Operations:</i>   |                   |                       |
| Line of credit to Cooperative Fund of New England, maximum loan amount is \$1,000,000, interest accrues at 5.5% and is payable monthly through April 15, 2023. The line of credit is secured by real property on Prospect Street in Springfield, Massachusetts, certain equipment and accounts receivable.   | \$ 394,152        | \$ -                  |
| Note payable to Coastal Enterprises, Inc. for \$850,000 bearing interest 7.132% per annum. Monthly payments of interest only are required under the note through June 2021. Thereafter, monthly payments of principal and interest in the amount of \$6,711 will be made. The note is secured by a second priority interest in the NMTC leverage loan receivable and matures December 2025. Common Capital, Inc. is participating in this note and has a \$147,110 share at June 30, 2021, which has been eliminated the consolidating financial statements. | 682,161           | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Way Finders entered into an agreement with Massachusetts Development Finance Agency to borrow \$6,960,000 funded by Way Finders Issue, Series 2018 Revenue Bonds. The note bears interest at a fixed rate of 4.02% per annum through December 2028. In January 2029, the interest rate adjusts to the sum of Federal Home Loan Bank plus 2.25% basis points multiplied by 0.6886. Monthly payments of interest only are due to Peoples Bank, the registered owner of the bonds, through July 2020. Thereafter, monthly payments of principal and interest in the amount of \$37,042 will be made to Peoples Bank. The note is secured by the undisbursed construction funds held by Peoples bank, a first priority interest in the NMTC leverage loan receivable, and leasehold improvements in the property located at 1780 Main Street in Springfield, Massachusetts.</p> | 6,891,672         | -                     |
| <p>Note payable to the Trustees for the Diocese of Western Massachusetts, bearing interest at 4% and payable in quarterly payments of interest only. The principal and all accrued but unpaid interest shall be due in full on December 1, 2023.</p>   | 350,000           | -                     |
| <p>Note payable to the Life Insurance Community Investment Initiative, LLC approved up to \$3,800,000. The note bears interest at 5% per annum and calls for monthly interest payments only. The note is secured by the capital campaign pledges receivable. The outstanding principal balance and unpaid interest shall be due in full on March 31, 2022.</p>   | 531,250           | -                     |
| <p>Note payable to The Housing Partnership Fund, Inc. approved up to \$1,500,000 bearing interest 5.5% per annum. Monthly payments of interest only are required under the note. The principal and all unpaid interest shall be due in full on August 26, 2021.</p>  | 1,000,000         | -                     |
| <p>Note payable to CEDAC approved up to \$400,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at NewCourt Terrace in Springfield, Massachusetts.</p>  | -                 | 53,540                |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <i>Earle Street Apartments:</i>   |                   |                       |
| Mortgage note payable to Massachusetts Housing Partnership Fund, payable in monthly installments of \$1,690, including principal and interest at 7.25% and matures on December 31, 2026. The note is secured by the apartment complex.  | 149,544           | -                     |
| Mortgage note payable to Massachusetts Housing Partnership Fund. The note is non-interest bearing requiring no payments until December 31, 2027 and is secured by the apartment complex. The note is reflected net of unamortized discount of \$30,234 (effective rate of 4.41%) with a face amount of \$121,864.   | -                 | 91,630                |
| Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on January 7, 2037. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$100,159 (effective rate of 4.41%) with a face amount of \$202,345.   | -                 | 102,186               |
| <i>The Lorraine:</i>  |                   |                       |
| Mortgage note payable to CEDAC under the Housing Innovations Fund II Program. The note is non-interest bearing and will be repaid out of surplus cash. The unpaid balance and accrued interest are due upon the sale or refinancing of the underlying property but no later than March 8, 2030. The note is secured by the apartment complex and an assignment of leases and rents. The note is reflected net of unamortized discount of \$272,829 (effective rate of 9.05%) with a face amount of \$500,000.         | -                 | 227,171               |
| Mortgage note payable to the Commonwealth of Massachusetts Department of Housing and Community Development (DHCD) under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until April 24, 2030, provided the intended use of the property does not change. The note is secured by the apartment complex and an assignment of leases and rents. The note is reflected net of unamortized discount of \$274,529 (effective rate of 9.05%) with a face amount of \$500,000. | -                 | 225,471               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Mortgage note payable to the City of Northampton, due March 14, 2030, with an option for a ten year extension. The note is non-interest bearing, does not require any payments until the due date, and is secured by the apartment complex. The note is reflected net of unamortized discount of \$92,762 (effective rate of 9.05%) with a face amount of \$170,000.</p>   | -                 | 77,238                |
| <i>Common Capital, Inc.:</i>  |                   |                       |
| <p>Line of credit with TD Bank with a maximum loan amount of \$1,500,000 and interest accrues at the Wall Street Journal prime rate (3.25% at June 30, 2021). Funds from this line are to be used to issue small business loans which serve as collateral to secure the line. The line is due on demand except that any outstanding balances on loans issued from this line shall be repaid as the loans are repaid to Common Capital, Inc.</p> | 134,502           | -                     |
| <p>Line of credit with Freedom Credit Union with a maximum loan amount of \$250,000 and interest accrues at 3.75% per annum. Funds from this line are to be used to issue small business loans which serve as collateral to secure the line. The line is due on demand except that any outstanding balances on loans issued from this line shall be repaid as the loans are repaid to Common Capital, Inc.</p>                                  | 219,383           | -                     |
| <p>Note payable to SBA, payable in monthly installments of \$3,569 including interest of 0.5%, and matures November 10, 2024. Interest is reviewed periodically and adjusted to either 1.75% or 0.5% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.</p>  | 147,383           | -                     |
| <p>Note payable to SBA, payable in monthly installments of \$5,844 including interest of 0.5%, and matures August 8, 2027. Interest is reviewed periodically and adjusted to either 1.75% or 0.5% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.</p>   | 425,237           | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Note payable to SBA, payable in monthly installments of \$5,888 including interest of 1.25%, and matures May 7, 2029. Interest is reviewed periodically and adjusted to either 2.5% or 1.25% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.</p>   | 531,532           | -                     |
| <p>Note payable to SBA, payable in monthly installments of \$6,944 beginning December 2021 including interest of 0%, and matures November 19, 2030. Interest is reviewed periodically and adjusted to either 0% or 2% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.</p>   | 350,000           | -                     |
| <p>Note payable to the Sisters of Charity of St. Elizabeth, bearing interest at 1% and payable in annual payments of interest only. The principal and all accrued but unpaid interest shall be due in full on March 30, 2024.</p>   | 25,000            | -                     |
| <p>Note payable to the Trustees for the Diocese of Western Massachusetts, bearing interest at 4% and payable in quarterly payments of interest only. The principal and all accrued but unpaid interest shall be due in full on April 1, 2024.</p>   | 100,000           | -                     |
| <p>Notes payable consisting of loans from various organizations, trusts and individuals. These parties have chosen to lend to Common Capital, Inc. to support the Community First Fund. Interest between 2% and 2.65% is due and payable semi-annually. Principal is due and payable on the third or fifth anniversary of the date of the agreements, unless the lender elects to renew the loan for an additional three or five year term or donate the principal and/or interest to Common Capital, Inc. These notes are unsecured.</p> | 917,842           | -                     |
| <i>Affordable Housing Subsidiaries:</i>   |                   |                       |
| <i>Butternut Properties Limited Partnership:</i>  |                   |                       |
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program. The note is non-interest bearing requiring no payments until March 8, 2041 and is secured by the apartment complex. The note is reflected net of unamortized discount of \$510,966 (effective rate of 7%) with a face amount of \$683,073.</p>  | -                 | 172,107               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD administered by the Massachusetts Housing Finance Agency (MHFA) under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until March 8, 2041 and is secured by the apartment complex. The note is reflected net of unamortized discount of \$748,215 (effective rate of 7%) with a face amount of \$1,000,000.</p>   | -                 | 251,785               |
| <i>Dwight Clinton Joint Venture:</i>   |                   |                       |
| <p>Mortgage note payable to DHCD under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until May 13, 2029. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$250,440 (effective rate of 8.81%) with a face amount of \$500,000.</p>   | -                 | 249,560               |
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program. The non-interest bearing loan requires no payments until August 2035, at which time the outstanding balance is due. The note is secured by the apartment complex and assignment of certain leases and rents. The loan is reflected net of unamortized discount of \$71,478 (effective rate of 9.86%) with a face amount of \$95,151.</p>                         | -                 | 23,673                |
| <i>Mountain View Apartments of HAP-CHS:</i>  |                   |                       |
| <p>Mortgage notes payable to the United States Department of Agriculture (USDA), Rural Development Agency, bearing interest at 8.5%, payable in monthly installments of \$8,359 to maturity, June 1, 2037. The notes are secured by a mortgage on the apartment complex and assignment of certain leases and rents. The Project receives a monthly interest subsidy in the amount of \$5,899, for a reduced monthly loan payment of \$2,460.</p> | 875,012           | -                     |
| <p>Mortgage note payable to Massachusetts Housing Partnership Fund Board under Housing Stabilization Fund Program. The note is non-interest bearing with no payments due until the maturity date of April 28, 2033. The note is carried net of unamortized discount of \$394,453 (effective rate of 9.05%) with a face amount of \$600,000. The note is secured by the apartment complex and assignments of certain leases and rents.</p>        | -                 | 205,547               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. Mortgages and Notes Payable – Continued**

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <i>Paradise Pond LLC:</i>  |                   |                       |
| Mortgage note payable to Massachusetts Housing Partnership Fund, payable in monthly installments of \$650, including interest at 6.1%, and matures October 31, 2026. The loan is secured by the apartment complex.   | 60,750            | -                     |
| Mortgage note payable to Massachusetts Housing Partnership Fund, bearing interest at 2%, payable in monthly interest payments only. The note is due October 31, 2026, and is secured by the apartment complex.   | 134,263           | -                     |
| Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until August 15, 2035. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$506,280 (effective rate of 7.5%) with a face amount of \$775,000.                                | -                 | 268,720               |
| Mortgage note payable to DHCD under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until August 15, 2055. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$659,424 (effective rate of 7.5%) with a face amount of \$715,000.  | -                 | 55,576                |
| Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on August 15, 2035. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$555,275 (effective rate of 7.5%) with a face amount of \$850,000. | -                 | 294,725               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <i>Southampton Housing for the Elderly, Inc.:</i>  |                   |                       |
| <p>The Organization has a thirty-five year 2.6% HUD insured mortgage note payable to Walker and Dunlop LLC. The note requires monthly payments for principal and interest of \$11,881. The final payment is due February 1, 2032. The note is secured by the apartment complex and assignment of certain leases and rents. The outstanding principal balance at June 30, 2021 was \$2,734,189.</p> <p>Financing costs of \$140,307 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 2.89%. Accumulated amortization at June 30, 2021 was \$46,898.</p> | 2,640,780         | -                     |
| <i>Stevens Senior Housing of Ludlow, Inc.:</i>   |                   |                       |
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program. The note is non-interest bearing requiring no payments until September 25, 2044. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$272,619 (effective rate of 4.61%) with a face amount of \$415,000.</p> <p>Financing costs of \$14,302 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.37%. Accumulated amortization at June 30, 2021 was \$3,219.</p>              | -                 | 131,298               |
| <p>Mortgage note payable to DHCD under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until September 25, 2064. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$859,748 (effective rate of 4.61%) with a face amount of \$994,743.</p> <p>Financing costs of \$34,282 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.27%. Accumulated amortization at June 30, 2021 was \$4,623.</p>               | -                 | 105,336               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until September 25, 2054. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$783,440 (effective rate of 4.61%) with a face amount of \$1,000,000.</p>  |                   |                       |
| <p>Financing costs of \$34,462 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.5%. Accumulated amortization at June 30, 2021 was \$5,818.</p>  | -                 | 187,916               |
| <p>Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on September 25, 2044. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$197,074 (effective rate of 4.61%) with a face amount of \$300,000.</p>   |                   |                       |
| <p>Financing costs of \$10,339 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.37%. Accumulated amortization at June 30, 2021 was \$2,328.</p>   | -                 | 94,915                |
| <i>CBA Housing Limited Partnership:</i>   |                   |                       |
| <p>Mortgage note payable to USDA Rural Development is payable in monthly installments of \$2,876, net of a monthly subsidy of \$3,164 and bears interest at 4.875% per annum. The agreement provides for an interest subsidy making the effective rate 1% over the life of the note. Final payment is due in January 22, 2060, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p> | 1,258,412         | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues no interest except on delinquent payments. The note is payable on November 21, 2040, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2021 was \$715,000.</p>  |                   |                       |
| <p>Financing costs of \$13,028 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 0.06%. Accumulated amortization at June 30, 2021 was \$4,559.</p>  | -                 | 706,531               |
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on November 21, 2040, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2021 was \$1,000,000.</p>                |                   |                       |
| <p>Financing costs of \$18,222 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 0.06%. Accumulated amortization at June 30, 2021 was \$6,378.</p>  | -                 | 988,156               |
| <i>Church Street School Limited Partnership:</i>   |                   |                       |
| <p>Mortgage note payable to USDA Rural Development is payable in monthly installments of \$2,123, net of a monthly subsidy of \$2,691 and bears interest at 5.375% per annum. The agreement provides for an interest subsidy making the effective rate 1% over the life of the note. Final payment is due on October 1, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p> | 927,446           | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues interest at a rate of 7.50% compounded annually. All interest and principal due under this note are payable on May 24, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>  | -                 | 243,890               |
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund, accrues interest at a rate of 7.50% compounded annually. All interest and principal due under this note are payable on May 24, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>                                       | -                 | 733,960               |
| <i>KenQuad Limited Partnership:</i>  |                   |                       |
| <p>Mortgage note payable to MHP is secured by the real estate and personal property in the original amount of \$650,000. Monthly payments of interest at a rate equal to the LIBOR daily floating rate plus 2.25% are due through the July 1, 2017. Thereafter, the note requires monthly principal and interest payments of \$3,470, bears an interest rate of 4.95% per annum, and matures in June 2034. The outstanding principal balance at June 30, 2021 was \$609,210.</p> |                   |                       |
| <p>Financing costs of \$76,257 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 3.24%. Accumulated amortization at June 30, 2021 was \$20,230.</p>   | 553,183           | -                     |
| <p>Mortgage note payable under the HOME Investments Partnership Program through DHCD and the City of Springfield bearing simple interest at a rate of 1% interest per annum. The note and accrued interest are due and payable in full on June 16, 2047, net of amortized discount of \$416,860 (effective rate of 2.5%) with a face amount of \$1,127,000. The note is secured by the apartment complex and assignment of certain leases and rents.</p>                         | -                 | 710,140               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Mortgage note payable under the HOME Investments Partnership Program through DHCD and the City of Springfield bearing simple interest at a rate of 1% interest per annum. The note and accrued interest are due and payable in full on June 16, 2047, net of amortized discount of \$158,813 (effective rate of 2.5%) with a face amount of \$435,000. The note is secured by the apartment complex and assignment of certain leases and rents.</p>   | -                 | 276,187               |
| <p>Mortgage note payable to Valley CDC funded through the sale of the Project's Massachusetts low-income housing tax credits. The note bears interest at 2.5% compounded annually. Unpaid principal and interest is due December 2065. The note is secured by a mortgage on the apartment complex.</p>   | -                 | 1,128,125             |
| <p>Mortgage note payable to Valley CDC funded through the sale of the Project's Massachusetts historic rehabilitation tax credits. The note bears interest at 2.5% compounded annually. Unpaid principal and interest is due December 2065. The note is secured by a mortgage on the apartment complex.</p>  | -                 | 1,979,731             |
| <i>Library Commons Limited Partnership:</i>  |                   |                       |
| <p>MHIC LLC provided construction funding of \$11,970,000 with interest at a rate of 4.75% per annum fixed for the term of the loan. The note requires interest only payments and matures September 28, 2021. If the note is assigned to a permanent lender on or before September 28, 2021, the principal balance will be paid down to \$522,500. The maturity date will be extended twenty years from the date of the assignment, with monthly payments of principal and interest at an interest rate of 4.71% per annum fixed. The apartment complex is pledged as collateral for the mortgage.</p> | 10,111,703        | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>MHIC CMF Affordable Housing Fund I LLC provided construction funding of \$630,000 with interest at a rate of 4.75% per annum fixed for the term of the loan. The note requires interest only payments and matures September 28, 2021. If the note is assigned to a permanent lender on or before September 28, 2021, the principal balance will be paid down to \$27,500. The maturity date will be extended twenty years from the date of the assignment, with monthly payments of principal and interest at an interest rate of 4.71% per annum fixed. The apartment complex is pledged as collateral for the mortgage.</p> | 532,195           | -                     |
| <p>Mortgage note payable to CEDAC under the Housing Innovations Fund Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>   | -                 | 1,899,304             |
| <p>Mortgage note payable to DHCD under the Housing Stabilization Fund Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>  | -                 | 847,800               |
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>   | -                 | 742,500               |
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>  | -                 | 1,000,000             |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. Mortgages and Notes Payable – Continued**

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Mortgage note payable to the City of Holyoke accruing interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>   | -                 | 360,000               |
| <i>Live Pleasant Limited Partnership:</i>  |                   |                       |
| <p>Easthampton Savings Bank provided construction funding of \$8,480,710 with interest at a rate of 4% per annum fixed for the construction period. On December 16, 2018, the construction period ended and the interest rate was set at 5.93% per annum. The note required interest only payments thru the construction period. At the end of the construction period a principal payment was made to reduce the principal balance to \$2,314,310 with monthly payments of principal and interest required for the subsequent 30 years thereafter. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2021 was \$2,240,144.</p> |                   |                       |
| <p>Financing costs of \$48,962 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 6.13%. Accumulated amortization at June 30, 2021 was \$3,264.</p>  | 2,194,446         | -                     |
| <p>Mortgage note payable to DHCD under the Housing Stabilization Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2066, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>  | -                 | 500,000               |
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund, accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2046, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>   | -                 | 1,083,000             |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Mortgage note payable to CEDAC under the Housing Preservation and Stabilization Trust Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on February 16, 2048, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>   | -                 | 1,500,000             |
| <p>Mortgage note payable to CEDAC under the Housing Innovations Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on February 16, 2048, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>  | -                 | 1,000,000             |
| <p>Mortgage note payable to CEDAC under the Facilities Consolidation Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on February 16, 2048, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>   | -                 | 707,000               |
| <i>Lumber Yard Northampton Limited Partnership:</i>   |                   |                       |
| <p>TD Bank provided construction funding of \$2,500,000 with interest at a rate of 5.53% per annum fixed for the term of the loan. On December 19, 2019, the note converted to permanent financing and the maturity date extended to December 19, 2039, with monthly payments of principal and interest required based on a 30 year amortization schedule. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2021 was \$2,449,914.</p> |                   |                       |
| <p>Financing costs of \$79,908 are being amortized using the straight-line method. The effective interest rate on the loan approximates to 5.85%. Accumulated amortization at June 30, 2021 was 6,108.</p>  | 2,376,114         | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD under the Housing Stabilization Fund Program, accrues no interest except on delinquent payments. The note is payable on February 19, 2069, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 1,000,000             |
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on February 19, 2049 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p> | -                 | 1,000,000             |
| <p>Mortgage note payable to DHCD under the Commercial Area Transit Node Housing Program, accrues no interest except on delinquent payments. The note is payable on February 19, 2049, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 1,000,000             |
| <p>Mortgage note payable to CEDAC under the Community Based Housing Program, accrues no interest except on delinquent payments. The note is payable on February 19, 2049, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 325,000               |
| <p>Mortgage note payable to Valley CDC accruing interest at 3.5% compounded annually. All interest and principal due under this note are payable on December 19, 2049 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 755,023               |
| <i>New Court Terrace LLC:</i>  |                   |                       |
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues interest compounded annually at a rate of 5.75% per annum. All interest and principal due under this note are payable on October 2, 2033, or upon the occurrence of an event of default, as specified in the loan agreement. The apartment complex is pledged as collateral for the mortgage.</p>                  | -                 | 550,000               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Mortgage note payable to the City of Springfield Office of Housing and Neighborhood Services under the Lead Hazard Abatement Program, accrues interest at a rate of 5.75% per annum. All interest and principal due under this note are payable October 2, 2023, or on demand if the premises are not used as required in Section 3 of the loan agreement. The apartment complex is pledged as collateral for the mortgage.</p>  | -                 | 220,000               |
| <p>Mortgage note payable to the City of Springfield Community Development Department under the HOME Investment Partnership Program, accrues interest thereon compounded annually at a rate of 6.5% per annum. All interest, principal, and other payments due under this note are payable July 25, 2042, or upon sale or refinance of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 450,000               |
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues interest at a rate of 5% per annum. All interest and principal due under this note are payable on October 1, 2033, or upon the occurrence of an event of default or the sale or other transfer of the Project. Under these circumstances, the note becomes immediately payable and due. The apartment complex is pledged as collateral for the mortgage.</p> | -                 | 667,612               |
| <i>Olympia Amherst Limited Partnership:</i>   |                   |                       |
| <p>Massachusetts Housing Partnership Fund has provided funding in the amount of \$535,000. The loan bears interest at 6.97% and is payable in monthly installments of principal and interest of \$3,549 through April 2035. The note is secured by the apartment complex. The outstanding principal balance at June 30, 2021 was \$495,035.</p>   |                   |                       |
| <p>Financing costs of \$99,823 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 9.28%. Accumulated amortization at June 30, 2021 was \$30,778.</p>  | 425,990           | -                     |
| <p>Mortgage note payable to DHCD under the Housing Stabilization Fund Program, accrues interest at 1% per annum. The note is payable on September 5, 2063, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 1,715,000             |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues interest at 1% per annum. All interest and principal due under this note are payable on September 5, 2044 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 1,000,000             |
| <i>Parsons Limited Partnership:</i>   |                   |                       |
| <p>Easthampton Savings Bank provided construction funding of \$4,656,447 with interest at a rate of 3.75% per annum fixed for the term of the loan. The note requires interest only payments thru the construction period. At the end of the construction period a \$750,000 principal payment is due with monthly payments of principal and interest for the subsequent 30 years required thereafter. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2021 was \$674,384.</p> |                   |                       |
| <p>Financing costs of \$38,340 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 4.285%. Accumulated amortization at June 30, 2021 was \$6,071.</p>  | 642,115           | -                     |
| <p>Mortgage note payable to DHCD under the Non-Federal Investment Trust Fund Program, accrues no interest except on delinquent payments. The note is payable on July 27, 2045, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 490,217               |
| <p>Mortgage note payable to DHCD under the Housing Stabilization Fund Program, accrues no interest except on delinquent payments. The note is payable on July 27, 2065, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>  | -                 | 1,000,000             |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on July 27, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>  | -                 | 1,175,000             |
| <p>Mortgage note payable to Valley CDC, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on July 28, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 300,000               |
| <i>Sergeant House Limited Partnership:</i>  |                   |                       |
| <p>Mortgage note payable to CEDAC under the Housing Innovations Fund I Program non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on March 15, 2050. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of amortized discount of \$166,870 (effective rate of 2.74%) with a face amount of \$240,735.</p>   | -                 | 73,865                |
| <p>Mortgage note payable to CEDAC under the Housing Innovations Fund III Program non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on March 15, 2050. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of amortized discount of \$251,275 (effective rate of 2.74%) with a face amount of \$362,500.</p> | -                 | 111,225               |
| <p>Mortgage note payable to CEDAC under the Housing Innovations Fund Program and accrues interest at a rate of 2% simple interest based on a 360 day year. All interest and principal due under this note are payable on May 17, 2050, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>   | -                 | 500,000               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <p>Mortgage note payable to CEDAC under the Facilities Consolidation Fund Program and accrues interest at a rate of 2% simple interest based on a 360 day year. All interest and principal due under this note are payable on May 17, 2050, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>                             | -                 | 265,000               |
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program and accrues interest at a rate of 2% simple interest based on a 360 day year. All interest and principal due under this note are payable on May 17, 2050, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>         | -                 | 850,000               |
| <p>Mortgage note payable to Valley CDC accruing interest at 2.1% compounded annually. All interest and principal due under this note are payable on March 1, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>   | -                 | 580,051               |
| <p>Mortgage note payable to Bridge Street LLC, a subsidiary of Valley CDC accruing interest at 3% compounded annually. All interest and principal due under this note are payable on March 1, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>  | -                 | 181,226               |
| <i>Verano Apartments Limited Partnership:</i>  |                   |                       |
| <p>Massachusetts Housing Partnership Fund has provided funding in the amount of \$415,000. The loan bears interest at 6.23% and is payable in monthly installments of principal and interest of \$2,550 through October 2036. The note is secured by the apartment complex.</p>  | 302,704           | -                     |
| <p>Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues interest at a rate of 5.5% per annum. All interest and principal due under this note are payable on August 14, 2035, or upon the occurrence of an event of default or the sale or other transfer of the Project. Under these circumstances, the note becomes immediately payable and due. The note is secured by the apartment complex and assignment of certain leases and rents.</p> | -                 | 550,000               |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund, accrues interest at a rate of 4% per annum. All interest and principal due under this note are payable on August 14, 2035, or upon the occurrence of an event of default or the sale or other transfer of the Project. Under these circumstances, the note becomes immediately payable and due. The note is secured by the apartment complex and assignment of certain leases and rents.</p>   | -                 | 550,000               |
| <p>Mortgage note payable to the City of Holyoke Office for Community Development, accrues interest at a rate of 5.5% per annum. All principal and interest payments under this note shall be payable on August 14, 2035. No payments shall be due before the maturity date. The note is secured by the apartment complex and assignment of certain leases and rents.</p>  | -                 | 100,000               |
| <p>Self Help Shelters, Inc. and HAP CHS, doing business as the joint venture Rehab Shelters, acting by and through HAP CHS, have provided funding of \$247,500. This note bears interest compounding annually at a rate of 9%. Payment began two years after date of borrowing, and continuing every 12 months thereafter during the entire term of this note to an amount equal to the prior calendar year's net cash flow. The note is secured by the apartment complex and assignment of certain leases and rents. The entire outstanding balance of principal and unpaid interest shall be due upon the sooner of: (a) the date which is 20 years from the borrowing date, or (b) the sale or transfer of the real property comprising collateral for this note. Under these circumstances, the note becomes immediately payable and due. HAP-CHS's 45% share of principal and accrued interest have been eliminated in the consolidating financial statements.</p> | -                 | 136,350               |
| <i>Other Subsidiaries:</i>  |                   |                       |
| <i>MBL Housing and Development LLC:</i>   |                   |                       |
| <p>Note payable to Neighborworks Capital Corporation approved up to \$500,000, bearing interest at 3% and payable in quarterly payments only until July 1, 2018. Thereafter principal payments of \$31,250 plus interest will be made quarterly. The outstanding principal balance and all accrued but unpaid interest is payable on July 1, 2022. The loan has been guaranteed by Way Finders.</p>   | 125,000           | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <i>Fuller Future LLC:</i>  |                   |                       |
| Note payable to the Life Initiative approved up to \$337,500, bearing interest at 5% and payable in quarterly interest payments only. The outstanding principal balance and all accrued but unpaid interest is payable upon obtaining permanent financing, but no later than February 18, 2022. Proceeds have been used to fund the acquisition of 188 Fuller Street in Ludlow, Massachusetts. | 337,500           | -                     |
| <i>LC2 Holyoke LLC:</i>  |                   |                       |
| Note payable to CEDAC approved up to \$101,500, bearing interest at 5.6% and payable in quarterly interest payments only. The outstanding principal balance and all accrued but unpaid interest is payable upon obtaining permanent financing, but no later than July 23, 2022. Proceeds have been used to fund the acquisition of 207 Elm Street in Holyoke Massachusetts.                    | 101,500           | -                     |
| Note payable to CEDAC approved up to \$250,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at Library Commons II in Holyoke, Massachusetts.   | -                 | 182,735               |
| Note payable to CEDAC approved up to \$150,000. Interest accrues at 3% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at Library Commons II in Holyoke, Massachusetts.   | -                 | 150,000               |
| <i>Rosewood Way LLC:</i>   |                   |                       |
| Note payable to CEDAC approved up to \$800,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at 586 Mill Street in Agawam, Massachusetts.   | -                 | 500,000               |
| Note payable to the Life Initiative approved up to \$513,000, bearing interest at 5% and payable in quarterly interest payments only. The outstanding principal balance and all accrued but unpaid interest is payable upon obtaining permanent financing, but no later than July 21, 2022. Proceeds have been used to fund the acquisition of 586 Mill Street in Agawam, Massachusetts.       | 513,000           | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. Mortgages and Notes Payable – Continued**

|  | <i>Amortizing</i> | <i>Non-amortizing</i> |
|--|-------------------|-----------------------|
| <i>1780 HCHQ, Inc.</i>   |                   |                       |
| <p>Note payable to 18 VRV 2008 LLC in the amount of \$2,383,562 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$25,211 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$53,313 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$1,822.</p>   | 2,332,071         | -                     |
| <p>Note payable to 18 VRV 2008 LLC in the amount of \$1,056,438 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$11,174 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$23,629 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$808.</p>   | 1,033,617         | -                     |
| <p>Note payable to 18 VRV 2008 LLC in the amount of \$1,435,000 bearing interest at 1% and payable in quarterly interest payments only through December 2025 and a \$50,000 principal payment on December 20, 2025. Thereafter, quarterly payments of principal and interest of \$14,649 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$32,096 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$1,096.</p> | 1,404,000         | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

|   | <i>Amortizing</i> | <i>Non-amortizing</i> |
|---|-------------------|-----------------------|
| <p>Note payable to MHIC NE CDE II Subsidiary 51 LLC in the amount of \$4,099,726 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$43,363 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p>   |                   |                       |
| <p>Financing costs of \$91,698 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$3,133.</p>   | 4,011,161         | -                     |
| <p>Note payable to MHIC NE CDE II Subsidiary 51 LLC in the amount of \$1,817,074 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$19,219 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p>   |                   |                       |
| <p>Financing costs of \$40,642 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$1,388.</p>   | 1,777,820         | -                     |
| <p>Note payable to MHIC NE CDE II Subsidiary 51 LLC in the amount of \$2,425,200 bearing interest at 1% and payable in quarterly interest payments only through December 2025 and a \$86,000 principal payment on December 20, 2025. Thereafter, quarterly payments of principal and interest of \$24,742 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> |                   |                       |
| <p>Financing costs of \$54,244 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$1,853.</p>   | 2,372,809         | -                     |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. Mortgages and Notes Payable – Continued**

|   | <i>Amortizing</i>    | <i>Non-amortizing</i> |
|---|----------------------|-----------------------|
| <p>Note payable to COCRF SubCDE 79 LLC in the amount of \$476,712 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$5,042 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$10,663 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$364.</p> | 466,413              | -                     |
| <p>Note payable to COCRF SubCDE 79 LLC in the amount of \$211,288 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$2,235 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$4,726 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$162.</p>  | 206,724              | -                     |
| <p>Note payable to COCRF SubCDE 79 LLC in the amount of \$312,000 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$3,300 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$6,978 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2021 was \$238.</p>  | 305,260              | -                     |
| Total notes payable   | 50,871,646           | 35,603,022            |
| Less current portion  | <u>(13,958,203)</u>  | <u>(886,275)</u>      |
| Total long-term liabilities   | <u>\$ 36,913,443</u> | <u>\$ 34,716,747</u>  |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**9. *Mortgages and Notes Payable – Continued***

The maturities of the mortgages and notes for the ensuing five years and thereafter are summarized as follows:

| <i>Fiscal Year</i>             | <i>Amount</i>        |
|--------------------------------|----------------------|
| 2022                           | \$ 14,844,478        |
| 2023                           | 1,965,936            |
| 2024                           | 1,434,547            |
| 2025                           | 736,224              |
| 2026                           | 1,887,901            |
| Thereafter                     | <u>73,954,408</u>    |
| Total note payments            | 94,823,494           |
| Unamortized financing fees     | (775,083)            |
| Unamortized discount           | <u>(7,573,743)</u>   |
| Present value of note payments | <u>\$ 86,474,668</u> |

Interest costs for the year ended June 30, 2021 was \$2,980,558, of which \$379,644 was capitalized. Additionally, amortized financing fees charged to interest expense for the year ended June 30, 2021 was \$36,221.

**10. *Related Party Transactions***

During 2021, a member of Way Finders’ Board of Directors was an officer of Valley CDC, a Massachusetts non-profit organization.

*Financing*

The Organization has five notes payable to Valley CDC and its subsidiaries as described in Note 9.

Members of Common Capital, Inc.’s Board of Directors and employees of the Organization have loaned \$16,000 to Common Capital, Inc.’s Community First Fund as described in Note 9.

*Rental Income*

Lumber Master LLC leases office space to Valley CDC under a non-cancellable lease agreement that expires in December 2039. During 2021, Lumber Master LLC charged \$25,245 in rents to Valley CDC under the lease agreement. At June 30, 2021, Valley CDC owed Lumber Master LLC \$6,058 in rents receivable.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**11. Net Assets**

*Board Designated*

The Board of Directors has designated \$3,374,182 in net assets without donor restrictions to be used in support of affordable housing programs.

*Net Assets with Donor Restrictions*

The following summarizes the activity of net assets with donor restrictions for the year ended June 30, 2021:

|                             | <i>Balance</i>       | <i>Donor</i>         | <i>Releases</i>    | <i>Balance</i>       |
|-----------------------------|----------------------|----------------------|--------------------|----------------------|
|                             | <i>June 30, 2020</i> | <i>Restricted</i>    | <i>from</i>        | <i>June 30, 2021</i> |
|                             |                      | <i>Contributions</i> | <i>Restriction</i> |                      |
| NeighborWorks Capital Fund  | \$ 1,152,245         | \$ -                 | \$(171,200)        | \$ 981,045           |
| Capital campaign            | 1,076,071            | 16,103               | (196,745)          | 895,429              |
| Community health innovation | 312,000              | -                    | (170,500)          | 141,500              |
| Springfield loan fund       | -                    | 272,260              | -                  | 272,260              |
| Client services programs    | 6,500                | -                    | (6,500)            | -                    |
| Organizational development  | 11,250               | -                    | -                  | 11,250               |
| Green energy development    | 5,000                | -                    | -                  | 5,000                |
| Elderly supportive housing  | 4,391,300            | -                    | -                  | 4,391,300            |
| Below market rate loans     | 6,775,008            | -                    | (195,087)          | 6,579,921            |
| Time restricted             | 61,275               | 60,000               | (60,000)           | 61,275               |
| Total                       | <u>\$ 13,790,649</u> | <u>\$ 348,363</u>    | <u>\$(800,032)</u> | <u>\$ 13,338,980</u> |

*Non-controlling Interest*

During the year ended June 30, 2021, affordable housing subsidiaries received capital contributions from non-controlling interest owners totaling \$6,267,149. Additionally, an affordable housing subsidiary made equity distributions to non-controlling interest owners totaling \$5,385.

**12. Income Taxes**

Way Finders' for-profit subsidiaries had provisions for income taxes for the year ended June 30, 2021, consisting of the following:

| <i>Description</i>  | <i>Amount</i>   |
|---------------------|-----------------|
| State tax expense   | \$ 5,928        |
| Federal tax expense | <u>-</u>        |
| Total               | <u>\$ 5,928</u> |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**12. *Income Taxes – Continued***

As of June 30, 2021, Way Finders' for-profit subsidiaries had net operating loss carry-forwards totaling approximately \$148,003 available to offset future taxable income. Certain net operating loss carry-forwards will expire at various times between 2021 and 2040. Additionally, Way Finders' for-profit subsidiaries had net passive loss carry-forwards totaling approximately \$58,318 and passive tax credit carry-forwards totaling approximately \$3,810 available to offset future passive taxable income. It is unclear if Way Finders will realize value from these credits and loss carry-forwards; accordingly a related tax deferred asset has not been recorded.

**13. *Retirement Plans***

*Way Finders Tax Sheltered Annuity Retirement Plan*

Way Finders provides retirement benefits for its full-time employees through its tax sheltered annuity retirement plan. This plan constitutes a defined contribution plan under section 403(b) of the Internal Revenue Code. All employees are eligible to make elective contributions to the plan upon the beginning of employment and employees who have completed 1.5 years of service as defined by the plan are eligible for employer contributions. Prior to August 1, 2019, the Plan requires Way Finders to make a 20% employer match of employee contributions of up to 2% of annual compensation. Additionally, Way Finders may make discretionary employer contributions to eligible employees based on their compensation as defined by the Plan. Employer contributions for the year ended June 30, 2021 was \$308,017.

*Common Capital SIMPLE IRA Plan*

Common Capital, Inc. has a SIMPLE IRA plan which is available to all employees who have completed 90 days of service. Employees may contribute into the plan on a tax-deferred basis. Common Capital, Inc. contributes a matching contribution on a semi-monthly basis. The amount of such contribution is equal to the amount of salary reduction employees elect to defer to a maximum of 3% of the employee's compensation. During 2017, the plan was frozen and eligible employees now are enrolled in Way Finders Tax Sheltered Annuity Retirement Plan.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**14. *Rental Income Under Operating Leases***

The Organization has commercial lease agreements with tenants that expire at various times through 2039. The minimum future rental income on non-cancelable operating leases over the next five years are as follows:

| <i>Fiscal Year</i> | <i>Amount</i> |
|--------------------|---------------|
| 2022               | \$ 185,600    |
| 2023               | \$ 115,962    |
| 2024               | \$ 62,283     |
| 2025               | \$ 63,530     |
| 2026               | \$ 64,808     |

**15. *Commitments***

*Leases*

The Organization leases program space and equipment under non-cancelable operating leases expiring in various years through fiscal year 2022. For the year ended June 30, 2021, expense under the various leases totaled \$215,247. The minimum payments due on the leases for the next three years are as follows:

| <i>Fiscal Year</i> | <i>Amount</i>     |
|--------------------|-------------------|
| 2022               | \$ 111,727        |
| 2023               | 104,891           |
| 2024               | 97,539            |
| 2025               | 74,226            |
| 2026               | <u>60,021</u>     |
| Total              | <u>\$ 448,404</u> |

*Construction Contract*

On August 12, 2019, Library Commons Limited Partnership executed a \$12,839,035 contract for the construction of the Library Commons Project. Through June 30, 2021, change orders were approved increasing the contract amount to \$13,991,234. At June 30, 2021, costs incurred under the contract totaled \$13,579,937. The remaining \$411,297 in construction costs under the contract will be incurred in fiscal year 2022.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**15. Commitments – Continued**

*Financing Commitments*

Way Finders has a line of credit with Massachusetts Housing Investment Corporation to a maximum of \$500,000 secured by certain assets of Way Finders. Interest accrues at the Wall Street Journal’s prime rate plus 2.5% and outstanding amounts on the line are payable on demand. At June 30, 2021, there was no balance outstanding on the line of credit. The line expires December 1, 2021.

Common Capital Inc. has a line of credit with Greenfield Cooperative Bank to a maximum of \$100,000. Funds from this line are to be used for working capital needs. The line is secured by an assignment and pledge of a promissory note and collateral documents. Interest accrues at the Wall Street Journal’s prime rate plus 0.5% and outstanding amounts on the line are payable on demand. At June 30, 2021, there was no balance outstanding on the line of credit. The line expires November 6, 2021.

The Organization has received various financing commitments to fund acquisition, predevelopment and construction costs related to development and renovations at several of its projects. As of June 30, 2021, the following commitments were received:

| <i>Lender</i>                          | <i>Project</i>     | <i>Commitment</i>    | <i>Amount</i>        |                     |
|--|--------------------|----------------------|----------------------|---------------------|
|  |                    |                      | <i>Received</i>      | <i>Outstanding</i>  |
| MHIC LLC                               | Library Commons    | \$ 11,970,000        | \$ 10,111,703        | 1,858,297           |
| MHIC CMF Affordable Housing Fund I LLC | Library Commons    | 630,000              | 532,195              | 97,805              |
| CEDAC                                  | Library Commons    | 2,000,000            | 1,899,304            | 100,696             |
| DHCD                                   | Library Commons    | 942,000              | 847,800              | 94,200              |
| DHCD                                   | Library Commons    | 825,000              | 742,500              | 82,500              |
| City of Holyoke                        | Library Commons    | 400,000              | 36,000               | 364,000             |
| CEDAC                                  | Library Commons II | 250,000              | 182,735              | 67,265              |
| CEDAC                                  | Mill Street        | 800,000              | 500,000              | 300,000             |
| CEDAC                                  | NewCourt Terrace   | 400,000              | 53,540               | 346,460             |
|  | Total              | <u>\$ 18,217,000</u> | <u>\$ 14,905,777</u> | <u>\$ 3,311,223</u> |

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**16. *Liquidity and Availability***

The following represents the Organization’s financial assets at June 30, 2021:

*Financial assets:*

|                                      |                   |
|--------------------------------------|-------------------|
| Cash                                 | \$ 10,383,457     |
| Restricted cash                      | 19,499,644        |
| Grants receivable                    | 2,928,204         |
| Capital campaign pledges receivable  | 588,884           |
| Accounts receivable                  | 592,965           |
| Small business loans receivable, net | 1,371,275         |
| Other loans receivable, net          | 125,239           |
| Interest receivable                  | 11,029            |
| Investments                          | <u>58,097</u>     |
| Total financial assets               | <u>35,558,794</u> |

*Less amounts not available to be used within one year*

|   |                  |
|---|------------------|
| Net assets with donor restrictions                                      | 13,338,980       |
| Less net assets with donor restrictions invested<br>in long term assets | (10,971,221)     |
| Board designated net assets   | 3,374,182        |
| Loan receivable repayments restricted for lending                       | <u>1,371,275</u> |
|   | <u>7,113,216</u> |

|  |                      |
|--|----------------------|
| Financial assets available to meet general expenditures<br>over the next twelve months | <u>\$ 28,445,578</u> |
|--|----------------------|

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, Way Finders’ affordable housing subsidiaries maintains restricted deposits and funded reserves totaling \$7,460,488 included in non-current restricted cash and restricted investments at June 30, 2021. The ability to use these restricted deposits and funded reserves are subject to lender and investor approval. The restricted deposits and funded reserves are closely monitored by management, lenders and investors to ensure they are adequately funded to meet future expenditures.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**17. Concentrations**

*Cash*

The Organization maintains its cash accounts in several commercial banks located in Massachusetts. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. Additionally, deposits in excess of FDIC coverage are covered by Depositors Insurance Fund (DIF) at certain Massachusetts banks. The Organization does not believe it is exposed to significant risk as it periodically reviews the credit standings of the related institutions.

A summary of the total insured and uninsured cash balances at June 30, 2021 is as follows:

|                                 |                     |
|---------------------------------|---------------------|
| Total cash in all banks         | \$ 40,699,190       |
| Portion insured by FDIC and DIF | <u>(38,380,572)</u> |
| Uninsured cash balances         | <u>\$ 2,318,618</u> |

*Small Business Loans Receivable*

All small business loans receivable are from businesses located in western Massachusetts. The lending policies of Common Capital, Inc. consider collateral in its underwriting. Common Capital, Inc. will obtain sufficient available collateral, but due to Common Capital, Inc.'s mission, it may approve loans which are either completely unsecured or are functionally unsecured based on the likely collateral value in a liquidation scenario. Common Capital, Inc. also recognizes that in instances where it is a subordinate lender, it will be at financial disadvantage in liquidation scenarios.

*Support*

The Organization's main source of funding is provided from grants and contracts with DHCD, which is approximately 80% of its revenue and 56% of its grants receivable for the year ended June 30, 2021.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**18. Contingencies**

*Operations*

The Organization's real estate holdings are concentrated in the multifamily real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD, SBA, U.S. Department of the Treasury, DHCD and MassHousing ("the Agencies"). Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by the Agencies. Changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with such changes.

*NeighborWorks Capital Grants*

NeighborWorks® has provided capital grants in prior years for making affordable loans to capital projects. These amounts are classified as net assets with donor restrictions although proceeds on capital projects, or interest earned, over and above the corpus may be transferred to net assets without donor restrictions for furthering Way Finders' mission. However, should Way Finders become defunct, all remaining grant funds, interest earnings, capital project proceeds and the loan and capital projects portfolios representing use of these funds will revert to NeighborWorks®. No capital grants were received and NeighborWorks® approved the release of \$171,200 to net assets without donor restrictions during 2021. The total net assets with donor restrictions of \$981,045 at June 30, 2021, is restricted by NeighborWorks® for affordable loans to capital projects.

*Litigation*

The Organization is defending complaints (judicial and administrative) for discrimination by a current employees and former clients, and a claim of emotional distress due to harassment by a former client. The Organization believes it has meritorious defenses against each of the complaints and intends to vigorously contest them, and expects that the resolution of such complaints will not have a material adverse effect on its financial position. Therefore, no adjustment has been made to the 2021 financial statements.

*Grant Funding*

The Organization's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantors. As of the date of these statements, the materiality of adjustments to final costs, if any, cannot be determined although management does not anticipate any. Therefore, no adjustment has been made to the 2021 financial statements.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**18. Contingencies – Continued**

*CDFI Certification Status*

On September 17, 2013, Common Capital, Inc. was re-certified by the U.S. Department of the Treasury’s Community Development Financial Institution Fund as a Community Development Financial Institution. Common Capital, Inc.’s certification is subject to annual reviews by U.S. Department of the Treasury’s Community Development Financial Institution Fund. Common Capital, Inc. satisfied its annual review during 2021.

*SBA Community Advantage*

Common Capital, Inc. is required to maintain loan loss reserve accounts to cover potential losses arising from defaulted Community Advantage loans. The minimum requirement is 5% of the unguaranteed portion of Common Capital, Inc.’s Community Advantage loan portfolio. Common Capital, Inc. was in compliance with this requirement for the year ended June 30, 2021 by maintaining restricted bank accounts that exceed the required minimum.

*Surplus Revenue Retention*

Surplus generated under Commonwealth of Massachusetts unit rate contracts must comply with 808 CMR 1.03(7), “Surplus Revenue Retention Policy”. In accordance with these requirements, Way Finders is entitled to retain surplus up to twenty percent (20%) of the total revenue of all Commonwealth programs per year as unrestricted net assets. The surplus can be used to further Way Finders’ charitable purposes, but may not be used for non-reimbursable expenses as defined in 808 CMR 1.05. For the year ended June 30, 2021, the current year surplus revenue did not exceed 20% of the total revenue of all of the Commonwealth programs.

*COVID-19*

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. The Organization has continued operating during the pandemic, however there have been disruptions and restrictions on our employees’ ability to work. Changes to the operating environment may increase operating costs. The future effects of these issues cannot be reasonably estimated. It is anticipated that these impacts will continue for some time.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2021

**19. *Conditional Promise to Give***

Way Finders has several government grants and contracts whose revenue is conditional upon delivering specific services to clients or incurring qualifying expenditures. These conditional grants and contracts will be recognized in the financial statements when the conditions on which they depended are substantially met. At June 30, 2021, conditional promises to give totaled \$19,712,638, of which \$18,051,561 has been received and included in advances on grants and contracts in the consolidating statement of financial position.

**20. *Debt Forgiveness Income***

During 2020, the Organization received a \$2,692,000 loan under the SBA's Payroll Protection Program administered by Berkshire Bank. During 2021, the loan was forgiven as the Organization used the loan proceeds for eligible expenditures under the Payroll Protection Program. The debt forgiveness income is reported on the statement of activities for the year ended June 30, 2021.

**21. *Subsequent Events***

The Organization has performed an evaluation of subsequent events through November 12, 2021, which is the date the Organization's consolidating financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that requires recognition or disclosure in these financial statements.

**SUPPLEMENTAL INFORMATION**

**Way Finders, Inc. and Subsidiaries**  
Schedule of Financial Position for Way Finders, Inc.  
June 30, 2021

*Assets*

|                                     | Operations           | Assistance<br>Payments | Rental<br>Properties | Intra-company<br>Eliminations | Way Finders          |
|-------------------------------------|----------------------|------------------------|----------------------|-------------------------------|----------------------|
| <i>Current Assets</i>               |                      |                        |                      |                               |                      |
| Cash                                | \$ 6,657,161         | \$ -                   | \$ 39,467            | \$ -                          | \$ 6,696,628         |
| Restricted cash                     | 14,811,883           | 4,538,825              | -                    | -                             | 19,350,708           |
| Grants receivable                   | 2,707,725            | 84,729                 | -                    | -                             | 2,792,454            |
| Capital campaign pledges receivable | 588,884              | -                      | -                    | -                             | 588,884              |
| Accounts receivable                 | 254,890              | -                      | 38,656               | -                             | 293,546              |
| Related party receivables           | 3,976,830            | 77,498                 | -                    | (38,731)                      | 4,015,597            |
| Loans receivable, net               | 115,239              | -                      | -                    | -                             | 115,239              |
| Prepaid expenses and other assets   | 155,083              | -                      | 16,854               | -                             | 171,937              |
|                                     | <u>29,267,695</u>    | <u>4,701,052</u>       | <u>94,977</u>        | <u>(38,731)</u>               | <u>34,024,993</u>    |
| <i>Property and Equipment</i>       |                      |                        |                      |                               |                      |
| Land                                | 57,000               | -                      | 113,000              | -                             | 170,000              |
| Buildings and improvements          | 211,971              | -                      | 2,372,980            | -                             | 2,584,951            |
| Furniture and equipment             | 3,177,169            | -                      | 14,725               | -                             | 3,191,894            |
| Software                            | 406,736              | -                      | -                    | -                             | 406,736              |
| Less: accumulated depreciation      | (2,094,352)          | -                      | (1,042,404)          | -                             | (3,136,756)          |
|                                     | <u>1,758,524</u>     | <u>-</u>               | <u>1,458,301</u>     | <u>-</u>                      | <u>3,216,825</u>     |
| <i>Other Assets</i>                 |                      |                        |                      |                               |                      |
| Investments                         | 642,530              | -                      | -                    | -                             | 642,530              |
| Contribution receivable             | 81,694               | -                      | -                    | -                             | 81,694               |
| Restricted cash                     | -                    | 755,647                | 472,476              | -                             | 1,228,123            |
| Work in progress                    | 1,894,604            | -                      | 48                   | (25,581)                      | 1,869,071            |
| Loans receivable, net               | 20,241,273           | -                      | -                    | (95,000)                      | 20,146,273           |
|                                     | <u>22,860,101</u>    | <u>755,647</u>         | <u>472,524</u>       | <u>(120,581)</u>              | <u>23,967,691</u>    |
| Total other assets                  | <u>22,860,101</u>    | <u>755,647</u>         | <u>472,524</u>       | <u>(120,581)</u>              | <u>23,967,691</u>    |
| Total assets                        | <u>\$ 53,886,320</u> | <u>\$ 5,456,699</u>    | <u>\$ 2,025,802</u>  | <u>\$ (159,312)</u>           | <u>\$ 61,209,509</u> |

**Way Finders, Inc. and Subsidiaries**  
Schedule of Financial Position for Way Finders, Inc. - *Continued*  
June 30, 2021

***Liabilities and Net Assets***

|   | Operations           | Assistance<br>Payments | Rental<br>Properties | Intra-company<br>Eliminations | Way Finders          |
|---|----------------------|------------------------|----------------------|-------------------------------|----------------------|
| <i>Current Liabilities</i>                      |                      |                        |                      |                               |                      |
| Accounts payable                                | \$ 1,041,677         | \$ -                   | \$ 28,630            | \$ -                          | \$ 1,070,307         |
| Related party payables                          | -                    | -                      | 38,731               | (38,731)                      | -                    |
| Accrued expenses                                | 2,665,312            | -                      | -                    | -                             | 2,665,312            |
| Advances on grants and contracts                | 12,846,300           | 4,701,052              | -                    | -                             | 17,547,352           |
| Mortgages and notes payable                     | 1,585,394            | -                      | 9,756                | -                             | 1,595,150            |
| Non-amortizing notes payable                    | 53,540               | -                      | -                    | -                             | 53,540               |
| Deferred revenue                                | 2,245                | -                      | 5,360                | -                             | 7,605                |
| Total current liabilities                       | <u>18,194,468</u>    | <u>4,701,052</u>       | <u>82,477</u>        | <u>(38,731)</u>               | <u>22,939,266</u>    |
| <i>Noncurrent liabilities</i>                   |                      |                        |                      |                               |                      |
| Amortizing notes payable                        | 8,410,951            | -                      | 139,788              | -                             | 8,550,739            |
| Non-amortizing notes payable                    | -                    | -                      | 818,696              | (95,000)                      | 723,696              |
| Escrow liabilities                              | -                    | 755,647                | 15,519               | -                             | 771,166              |
| Advances on grants and contracts                | 11,048,446           | -                      | -                    | -                             | 11,048,446           |
| Total noncurrent liabilities                    | <u>19,459,397</u>    | <u>755,647</u>         | <u>974,003</u>       | <u>(95,000)</u>               | <u>21,094,047</u>    |
| Total liabilities                               | <u>37,653,865</u>    | <u>5,456,699</u>       | <u>1,056,480</u>     | <u>(133,731)</u>              | <u>44,033,313</u>    |
| <i>Net Assets</i>                               |                      |                        |                      |                               |                      |
| Without donor restrictions                      |                      |                        |                      |                               |                      |
| Board designated for affordable housing program | 3,374,182            | -                      | -                    | -                             | 3,374,182            |
| Undesignated                                    | 10,904,274           | -                      | 198,812              | (25,581)                      | 11,077,505           |
| With donor restrictions                         | 1,953,999            | -                      | 770,510              | -                             | 2,724,509            |
| Total net assets                                | <u>16,232,455</u>    | <u>-</u>               | <u>969,322</u>       | <u>(25,581)</u>               | <u>17,176,196</u>    |
| Total liabilities and net assets                | <u>\$ 53,886,320</u> | <u>\$ 5,456,699</u>    | <u>\$ 2,025,802</u>  | <u>\$ (159,312)</u>           | <u>\$ 61,209,509</u> |

**Way Finders, Inc. and Subsidiaries**  
**Schedule of Revenue, Support and Expenses for Way Finders, Inc.**  
**June 30, 2021**

|                                    | Without Donor Restrictions |                     |                   | With Donor Restrictions |                    |                            | Way Finders         |
|------------------------------------|----------------------------|---------------------|-------------------|-------------------------|--------------------|----------------------------|---------------------|
|                                    | Operations                 | Assistance Payments | Rental Properties | Operations              | Rental Properties  | Intra-company Eliminations |                     |
| <b>Revenue and Support</b>         |                            |                     |                   |                         |                    |                            |                     |
| Contributions                      | \$ 4,554,192               | \$ -                | \$ -              | \$ 60,000               | \$ -               | \$ -                       | \$ 4,614,192        |
| Capital campaign                   | 8,233                      | -                   | -                 | 16,103                  | -                  | -                          | 24,336              |
| Grant assistance payments          | -                          | 76,015,546          | -                 | -                       | -                  | -                          | 76,015,546          |
| Grants - Neighbor Works America    | 530,357                    | -                   | -                 | -                       | -                  | -                          | 530,357             |
| Government grants and contracts    | 22,189,350                 | -                   | -                 | -                       | -                  | -                          | 22,189,350          |
| Program fees                       | 380,423                    | -                   | 1,932             | -                       | -                  | -                          | 382,355             |
| Property and asset management fees | 782,965                    | -                   | -                 | -                       | -                  | (41,309)                   | 741,656             |
| Developer fees                     | 1,017,274                  | -                   | -                 | -                       | -                  | (221,046)                  | 796,228             |
| Lending interest income and fees   | 307,762                    | -                   | -                 | -                       | -                  | -                          | 307,762             |
| Investment income                  | 93,450                     | -                   | 730               | -                       | -                  | (15,320)                   | 78,860              |
| Rental income                      | 77,647                     | -                   | 407,035           | -                       | -                  | -                          | 484,682             |
| Debt forgiveness income            | 2,692,000                  | -                   | -                 | -                       | -                  | -                          | 2,692,000           |
| Release from restriction           | 469,445                    | -                   | 54,033            | (469,445)               | (54,033)           | -                          | -                   |
| <b>Total revenue and support</b>   | <b>33,103,098</b>          | <b>76,015,546</b>   | <b>463,730</b>    | <b>(393,342)</b>        | <b>(54,033)</b>    | <b>(277,675)</b>           | <b>108,857,324</b>  |
| <b>Expenses</b>                    |                            |                     |                   |                         |                    |                            |                     |
| Salaries                           | 13,101,432                 | -                   | 89,631            | -                       | -                  | (186,951)                  | 13,004,112          |
| Payroll tax and fringe benefits    | 3,030,924                  | -                   | 19,070            | -                       | -                  | (34,095)                   | 3,015,899           |
| Employee training                  | 54,505                     | -                   | -                 | -                       | -                  | -                          | 54,505              |
| Professional services              | 623,908                    | -                   | 6,368             | -                       | -                  | -                          | 630,276             |
| Contract services                  | 298,624                    | -                   | 2,023             | -                       | -                  | -                          | 300,647             |
| Communications                     | 219,403                    | -                   | 6,969             | -                       | -                  | -                          | 226,372             |
| Postage                            | 76,810                     | -                   | 640               | -                       | -                  | -                          | 77,450              |
| Materials production               | 104,291                    | -                   | 327               | -                       | -                  | -                          | 104,618             |
| Management fees                    | -                          | -                   | 41,309            | -                       | -                  | (41,309)                   | -                   |
| Program expense                    | 3,937,729                  | -                   | -                 | -                       | -                  | -                          | 3,937,729           |
| Office supplies                    | 97,635                     | -                   | 186               | -                       | -                  | -                          | 97,821              |
| Licenses, dues and fees            | 376,421                    | -                   | 580               | -                       | -                  | -                          | 377,001             |
| Travel                             | 33,916                     | -                   | 1,009             | -                       | -                  | -                          | 34,925              |
| Audit expense                      | 107,489                    | -                   | -                 | -                       | -                  | -                          | 107,489             |
| Legal expense                      | -                          | -                   | 10,275            | -                       | -                  | -                          | 10,275              |
| Insurance                          | 155,887                    | -                   | 15,438            | -                       | -                  | -                          | 171,325             |
| Bad debt expense                   | 4,047,204                  | -                   | -                 | -                       | -                  | -                          | 4,047,204           |
| Repairs and maintenance            | 61,469                     | -                   | 41,375            | -                       | -                  | -                          | 102,844             |
| Utilities                          | 8,524                      | -                   | 50,781            | -                       | -                  | -                          | 59,305              |
| Recruitment                        | 316,186                    | -                   | -                 | -                       | -                  | -                          | 316,186             |
| Other taxes                        | 9,185                      | -                   | 21,922            | -                       | -                  | -                          | 31,107              |
| Interest                           | 482,082                    | -                   | 66,577            | -                       | -                  | -                          | 548,659             |
| Provider reimbursement             | 43,146                     | -                   | -                 | -                       | -                  | -                          | 43,146              |
| Other expenses                     | 266,602                    | -                   | 281               | -                       | -                  | -                          | 266,883             |
| Depreciation and amortization      | 160,567                    | -                   | 68,150            | -                       | -                  | -                          | 228,717             |
| Client assistance disbursed        | -                          | 76,015,546          | -                 | -                       | -                  | -                          | 76,015,546          |
| Computer operations                | 167,725                    | -                   | 4,308             | -                       | -                  | -                          | 172,033             |
| Occupancy                          | 874,310                    | -                   | -                 | -                       | -                  | -                          | 874,310             |
| Marketing and outreach             | 32,448                     | -                   | -                 | -                       | -                  | -                          | 32,448              |
| Other administrative expenses      | (148,080)                  | -                   | 1,206             | -                       | -                  | -                          | (146,874)           |
| <b>Total expenses</b>              | <b>28,540,342</b>          | <b>76,015,546</b>   | <b>448,425</b>    | <b>-</b>                | <b>-</b>           | <b>(262,355)</b>           | <b>104,741,958</b>  |
| <b>Change in net assets</b>        | <b>\$ 4,562,756</b>        | <b>\$ -</b>         | <b>\$ 15,305</b>  | <b>\$ (393,342)</b>     | <b>\$ (54,033)</b> | <b>\$ (15,320)</b>         | <b>\$ 4,115,366</b> |

**Way Finders, Inc. and Subsidiaries**  
**Schedule of Financial Position for Housing Assistance Programs**  
**June 30, 2021**

|   | <i>Federal<br/>Voucher</i> | <i>Moderate<br/>Rehab</i> | <i>MRVP</i>       | <i>Other<br/>Programs</i> | <i>Total</i>        |
|---|----------------------------|---------------------------|-------------------|---------------------------|---------------------|
| <i>Assets</i>                                   |                            |                           |                   |                           |                     |
| Restricted cash                                 | \$ 4,404,863               | \$ 163,150                | \$ 731,245        | \$ 214                    | \$ 5,299,472        |
| Grants receivable - DHCD                        | 143,373                    | 10,000                    | -                 | 380,262                   | 533,635             |
| Accounts receivable - DHCD                      | -                          | -                         | 180               | -                         | 180                 |
| Related party receivables                       | 2,435,738                  | 1,061,061                 | -                 | 593,528                   | 4,090,327           |
| Prepaid expenses and other assets               | 3,683                      | -                         | -                 | -                         | 3,683               |
| Buildings and improvements                      | 4,667                      | -                         | -                 | -                         | 4,667               |
| Software  | 113,199                    | 23,935                    | -                 | -                         | 137,134             |
| Less: accumulated depreciation                  | <u>(113,199)</u>           | <u>(23,935)</u>           | <u>-</u>          | <u>-</u>                  | <u>(137,134)</u>    |
| Total assets                                    | <u>\$ 6,992,324</u>        | <u>\$ 1,234,211</u>       | <u>\$ 731,425</u> | <u>\$ 974,004</u>         | <u>\$ 9,931,964</u> |
| <i>Liabilities</i>                              |                            |                           |                   |                           |                     |
| Accounts payable                                | \$ 18,122                  | \$ 5,800                  | \$ -              | \$ 473                    | \$ 24,395           |
| Related party payables                          | -                          | -                         | 724,526           | -                         | 724,526             |
| Accrued expenses                                | 125,113                    | 57,255                    | 17,934            | 1,132                     | 201,434             |
| Escrow liabilities                              | 755,647                    | -                         | -                 | -                         | 755,647             |
| Advances on grants and contracts                | <u>3,725,742</u>           | <u>139,674</u>            | <u>776,707</u>    | <u>58,929</u>             | <u>4,701,052</u>    |
| Total liabilities                               | <u>4,624,624</u>           | <u>202,729</u>            | <u>1,519,167</u>  | <u>60,534</u>             | <u>6,407,054</u>    |
| <i>Net Assets</i>                               |                            |                           |                   |                           |                     |
| Without donor restrictions                      |                            |                           |                   |                           |                     |
| Undesignated                                    | -                          | -                         | (787,742)         | 913,470                   | 125,728             |
| Board designated for affordable housing program | 2,342,700                  | 1,031,482                 | -                 | -                         | 3,374,182           |
| With donor restrictions                         | <u>25,000</u>              | <u>-</u>                  | <u>-</u>          | <u>-</u>                  | <u>25,000</u>       |
| Total net assets                                | <u>2,367,700</u>           | <u>1,031,482</u>          | <u>(787,742)</u>  | <u>913,470</u>            | <u>3,524,910</u>    |
| Total liabilities and net assets                | <u>\$ 6,992,324</u>        | <u>\$ 1,234,211</u>       | <u>\$ 731,425</u> | <u>\$ 974,004</u>         | <u>\$ 9,931,964</u> |

**Way Finders, Inc. and Subsidiaries**  
Schedule of Revenue, Expenses, and Changes in Net Assets for Housing Assistance Programs  
For the Year Ended June 30, 2021

|                                 | <i>Federal<br/>Voucher</i> | <i>Moderate<br/>Rehab</i> | <i>MRVP</i>        | <i>Other<br/>Programs</i> | <i>Total</i>       |
|---------------------------------|----------------------------|---------------------------|--------------------|---------------------------|--------------------|
| <b>Revenue and Support</b>      |                            |                           |                    |                           |                    |
| Contributions                   | \$ 25,000                  | \$ -                      | \$ -               | \$ -                      | \$ 25,000          |
| Grant assistance payments       | 34,402,966                 | 4,063,080                 | 6,127,798          | 159,205                   | 44,753,049         |
| Government grants and contracts | 4,251,554                  | 516,725                   | 490,250            | 44,646                    | 5,303,175          |
| Program fees                    | 21,484                     | -                         | 1,321              | 44,061                    | 66,866             |
| Investment income               | -                          | -                         | -                  | 2,988                     | 2,988              |
|                                 | <u>38,701,004</u>          | <u>4,579,805</u>          | <u>6,619,369</u>   | <u>250,900</u>            | <u>50,151,078</u>  |
| Total revenue and support       |                            |                           |                    |                           |                    |
| <b>Expenses</b>                 |                            |                           |                    |                           |                    |
| Salaries                        | 2,508,323                  | 317,382                   | 343,689            | 36,504                    | 3,205,898          |
| Payroll tax and fringe benefits | 603,823                    | 68,583                    | 77,268             | 9,558                     | 759,232            |
| Employee training               | 4,710                      | -                         | -                  | -                         | 4,710              |
| Professional services           | 65,650                     | 13,301                    | -                  | 190                       | 79,141             |
| Contract services               | 5,850                      | -                         | 17,726             | 532                       | 24,108             |
| Communications                  | 10,898                     | 5,887                     | -                  | 255                       | 17,040             |
| Postage                         | 42,129                     | 3,959                     | 6,221              | 80                        | 52,389             |
| Materials production            | 44,071                     | 344                       | 174                | 81                        | 44,670             |
| Program expense                 | 6,494                      | -                         | -                  | -                         | 6,494              |
| Office supplies                 | 27,404                     | 1,738                     | 1,976              | 342                       | 31,460             |
| Licenses, dues and fees         | 100,621                    | -                         | -                  | -                         | 100,621            |
| Travel                          | 22,135                     | 3,267                     | 228                | -                         | 25,630             |
| Audit expense                   | 13,934                     | 11,366                    | 1,509              | 226                       | 27,035             |
| Insurance                       | 16,737                     | 1,664                     | 1,883              | 241                       | 20,525             |
| Recruitment                     | 159                        | -                         | -                  | -                         | 159                |
| Provider reimbursement          | 43,146                     | -                         | -                  | -                         | 43,146             |
| Other expenses                  | 20,167                     | -                         | -                  | 1,106                     | 21,273             |
| Client assistance disbursed     | 34,402,966                 | 4,063,080                 | 6,127,798          | 159,205                   | 44,753,049         |
| Computer operations             | 129,789                    | 12,713                    | 13,920             | 2,265                     | 158,687            |
| Occupancy                       | 274,634                    | 26,620                    | 29,998             | 6,704                     | 337,956            |
| Marketing and outreach          | 32,654                     | 2,458                     | 2,623              | 932                       | 38,667             |
| Administrative allocation       | <u>432,719</u>             | <u>42,345</u>             | <u>46,381</u>      | <u>7,757</u>              | <u>529,202</u>     |
|                                 | <u>38,809,013</u>          | <u>4,574,707</u>          | <u>6,671,394</u>   | <u>225,978</u>            | <u>50,281,092</u>  |
| Total expenses                  |                            |                           |                    |                           |                    |
| Change in net assets            | (108,009)                  | 5,098                     | (52,025)           | 24,922                    | (130,014)          |
| Net assets - beginning of year  | <u>2,475,709</u>           | <u>1,026,384</u>          | <u>(735,717)</u>   | <u>888,548</u>            | <u>3,654,924</u>   |
| Net assets - end of year        | <u>\$2,367,700</u>         | <u>\$1,031,482</u>        | <u>\$(787,742)</u> | <u>\$913,470</u>          | <u>\$3,524,910</u> |

**Way Finders, Inc. and Subsidiaries**  
Schedule of Financial Position - NeighborWorks® America Capital Fund  
June 30, 2021

*Assets*

|                           |    |                       |
|---------------------------|----|-----------------------|
| Cash                      | \$ | 25,327                |
| Related party receivables |    | 583,718               |
| Loans receivable          |    | <u>372,000</u>        |
| Total assets              | \$ | <u><u>981,045</u></u> |

*Liabilities and Net Assets*

|                                  |    |                       |
|----------------------------------|----|-----------------------|
| Liabilities                      | \$ | -                     |
| Net assets                       |    | <u>981,045</u>        |
| Total liabilities and net assets | \$ | <u><u>981,045</u></u> |

**Way Finders, Inc. and Subsidiaries**  
Schedule of Activities - NeighborWorks® America Capital Fund  
For the Year Ended June 30, 2021

*Revenue, Gains, Other Support and Release of Capital:*

|  |    |                       |
|--|----|-----------------------|
| Capital grant - NeighborWorks® America - beginning balance | \$ | 1,152,245             |
| Additions  |    | -                     |
| Released - unrestricted                                    |    | <u>(171,200)</u>      |
| Net assets at end of year                                  | \$ | <u><u>981,045</u></u> |

Investment income in the amount of \$1,868 was earned on the net assets of the NeighborWorks® America Investment and Grant Agreement and was available for unrestricted use by Way Finders. There were no proceeds from capital projects in excess of the amount of funds necessary to maintain the net assets at a level disclosed in the Investment and Grant Agreement with NeighborWorks® America (\$981,045). Accordingly, no funds were transferred from the NeighborWorks® America Revolving Loan and Capital Projects Fund for that purpose.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Way Finders, Inc. and Subsidiaries**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

| <i>Federal Grantor</i>   | <i>Federal</i>    | <i>Federal</i>            |                      |                        |
|--|-------------------|---------------------------|----------------------|------------------------|
| <i>Cluster or Program Title</i>  | <i>Assistance</i> | <i>Pass-through</i>       |                      |                        |
| <i>Pass-through Grantor</i>  | <i>Listing</i>    | <i>Entity Identifying</i> | <i>Total Federal</i> | <i>Expenditures to</i> |
|  | <i>Number</i>     | <i>Number</i>             | <i>Expenditures</i>  | <i>Subrecipients</i>   |
| <b><i>U.S. Department of Housing and Urban Development</i></b>                         |                   |                           |                      |                        |
| Fair Housing Initiatives Program   |                   |                           |                      |                        |
| Direct Program   | 14.408            | FEOI190062                | \$ 41,734            | \$ 16,367              |
| Direct Program   | 14.408            | FEOI190062                | <u>76,792</u>        | <u>33,858</u>          |
| Total Fair Housing Initiatives Program   |                   |                           | <u>118,526</u>       | <u>50,225</u>          |
| Moving to Work Demonstration Program   |                   |                           |                      |                        |
| Passed through Massachusetts Department of Housing and<br>Community Development (DHCD) | 14.881            | SCOCD264520759015MTW      | 36,128,254           | -                      |
| Passed through Massachusetts DHCD  | 14.881            | SCOCD264520759015SUP      | 87,250               | -                      |
| Passed through Massachusetts DHCD  | 14.881            | SCOCD264520759015SNO      | 180,173              | -                      |
| COVID 19 Moving to Work Demonstration Program  |                   |                           |                      |                        |
| Passed through Massachusetts DHCD  | 14.881            | SCOCD26452186RAASUPP      | 1,170,569            | -                      |
| Passed through Massachusetts DHCD  | 14.881            | SCOCD26452186MTWERMA      | 593,471              | -                      |
| Passed through Massachusetts DHCD  | 14.881            | SCOCD264521869025COV      | <u>1,249</u>         | <u>-</u>               |
| Total Moving to Work Demonstration Program   |                   |                           | <u>38,160,966</u>    | <u>-</u>               |
| Section 8 Project-Based Cluster:   |                   |                           |                      |                        |
| Lower Income Housing Assistance Program - Section 8 Moderate<br>Rehabilitation         |                   |                           |                      |                        |
| Passed through Massachusetts DHCD  | 14.856            | SCOCD264020759019MRB      | 4,579,805            | -                      |
| COVID 19 HOME Investment Partnership Program   |                   |                           |                      |                        |
| Passed through City of Springfield   | 14.239            | 20200760                  | 1,716,700            | -                      |
| Supportive Housing Program   |                   |                           |                      |                        |
| Passed through Massachusetts DHCD  | 14.235            | MA0257LIT161912           | 137,729              | -                      |
| Passed through Massachusetts DHCD  | 14.235            | MA0257LIT162013           | 68,865               | -                      |
| Passed through City of Springfield   | 14.235            | MA0459U1T041906           | 63,263               | -                      |
| Passed through Community Action Pioneer Valley   | 14.235            | MA00721T071912            | 18,820               | -                      |
| Passed through Community Action Pioneer Valley   | 14.235            | MA00721T072013            | <u>8,574</u>         | <u>-</u>               |
| Total Supportive Housing Program   |                   |                           | <u>297,251</u>       | <u>-</u>               |

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2021

| <i>Federal Grantor</i>   | <i>Federal Assistance Listing Number</i> | <i>Federal Pass-through Entity Identifying Number</i> | <i>Total Federal Northampton</i> | <i>Expenditures to Subrecipients</i> |
|--|--|---|----------------------------------|--------------------------------------|
| <i>Cluster or Program Title</i><br><i>Pass-through Grantor</i> |  |   |                                  |                                      |
| <b>Housing Voucher Cluster</b>                                 |  |   |                                  |                                      |
| Section 8 Housing Choice Vouchers                              |  |   |                                  |                                      |
| Passed through Massachusetts DHCD                              | 14.871                                   | SCOCD264020759014HCV                                  | 284,292                          | -                                    |
| COVID 19 Mainstream Voucher Program                            |  |   |                                  |                                      |
| Passed through Massachusetts DHCD                              | 14.879                                   | SCOCD 264221869027MS5                                 | 7,308                            | -                                    |
| Family Unification Program                                     |  |   |                                  |                                      |
| Passed through Massachusetts DHCD                              | 14.880                                   | SCOCD264120759016FUP                                  | <u>439,699</u>                   | <u>-</u>                             |
| Total Housing Voucher Cluster                                  |  |   | <u>731,299</u>                   | <u>-</u>                             |
| <b>Continuum of Care Program</b>                               |  |   |                                  |                                      |
| Passed through Massachusetts DHCD                              | 14.267                                   | MA0243LIT16912  | 115,664                          | -                                    |
| Passed through Massachusetts DHCD                              | 14.267                                   | MA0243LIT162013                                       | <u>51,624</u>                    | <u>-</u>                             |
| Total Continuum of Care Program                                |  |   | <u>167,288</u>                   | <u>-</u>                             |
| <b>CDBG - Entitlement Grants Cluster</b>                       |  |   |                                  |                                      |
| Community Development Block Grants/Entitlement Grants          |  |   |                                  |                                      |
| Passed through Massachusetts DHCD (Loan)                       | 14.218                                   | N/A   | 170,000                          | -                                    |
| Passed through City of Springfield                             | 14.218                                   | N/A   | 174,500                          | -                                    |
| Passed through City of Northampton                             | 14.218                                   | 81-21   | 23,685                           | -                                    |
| COVID 19 Community Development Block Grants/Entitlement Grants |  |   |                                  |                                      |
| Passed through City of Springfield                             | 14.218                                   | 20200764  | <u>528,687</u>                   | <u>-</u>                             |
| Total CDBG - Entitlement Grants Cluster                        |  |   | <u>896,872</u>                   | <u>-</u>                             |
| Family Self Sufficiency Program                                |  |   |                                  |                                      |
| Passed through Massachusetts DHCD                              | 14.896                                   | SCOCD264020759021FSS                                  | 218,947                          | -                                    |
| COVID 19 Emergency Solutions Grant Program                     |  |   |                                  |                                      |
| Passed through Massachusetts DHCD                              | 14.231                                   | SCOCD8000ESGCV2021F000                                | 171,824                          | -                                    |
| Supportive Housing for Persons with Disabilities               |  |   |                                  |                                      |
| Passed through Massachusetts DHCD                              | 14.181                                   | SCOCD264220759017MS5                                  | 138,028                          | -                                    |

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2021

| <i>Federal Grantor</i>   | <i>Federal Assistance Listing Number</i> | <i>Federal Pass-through Entity Identifying Number</i> | <i>Total Federal Expenditures</i> | <i>Expenditures to Subrecipients</i> |
|--|--|---|-----------------------------------|--------------------------------------|
| <i>Cluster or Program Title</i><br><i>Pass-through Grantor</i>                                   |  |   |                                   |                                      |
| Housing Counseling Assistance Program  |  |   |                                   |                                      |
| Passed through Housing Partnership Network   | 14.169                                   | 20-13   | 62,726                            | -                                    |
| Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii          |  |   |                                   |                                      |
| Passed through Town of West Springfield  | 14.228                                   | 20-180-006  | 2,200                             | -                                    |
| COVID 19 Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii |  |   |                                   |                                      |
| Passed through Town of Agawam  | 14.228                                   | N/A   | 984,986                           | -                                    |
| Total Community Development Block Grants/State's Program and Non-entitlement                     |  |   | <u>987,186</u>                    | <u>-</u>                             |
| Total U.S. Department of Housing and Urban Development   |  |   | <u>48,247,418</u>                 | <u>50,225</u>                        |
| <br><b><i>U.S. Department of Treasury</i></b>  |  |   |                                   |                                      |
| NeighborWorks Grant Funds  |  |   |                                   |                                      |
| Passed through Neighborworks Reinvestment Corporation  | 21.U01                                   | R-SUPINT-2021-61926                                   | 13,000                            | -                                    |
| Passed through Neighborworks Reinvestment Corporation  | 21.U01                                   | R-SUPINT-2021-62056                                   | 20,000                            | -                                    |
| Passed through Neighborworks Reinvestment Corporation  | 21.U01                                   | R-NEC-2021-61276                                      | 390,000                           | -                                    |
| Passed through Neighborworks Reinvestment Corporation  | 21.U01                                   | R-PRI-2021-62935                                      | 20,000                            | -                                    |
| Passed through Neighborworks Reinvestment Corporation  | 21.U01                                   | R-NWW-2021-61659                                      | 500                               | -                                    |
| Passed through Neighborworks Reinvestment Corporation  | 21.U01                                   | R-SUPINT-2021-63725                                   | 10,000                            | -                                    |
| Passed through Neighborworks Reinvestment Corporation  | 21.U01                                   | R-CLI-2021-62915                                      | 4,000                             | -                                    |
| Total NeighborWorks Grant Funds  |  |   | <u>457,500</u>                    | <u>-</u>                             |
| COVID-19 Coronavirus Relief Fund   |  |   |                                   |                                      |
| Passed through Massachusetts DHCD  | 21.019                                   | OCD2650HSLERAFT21000                                  | 1,588,310                         | -                                    |
| COVID 19 Emergency Rental Assistance Program   |  |   |                                   |                                      |
| Passed through Massachusetts DHCD  | 21.023                                   | OCD2650HSLERAFT21000                                  | 18,912,258                        | -                                    |
| Total U.S. Department of Treasury  |  |   | <u>20,958,068</u>                 | <u>-</u>                             |

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2021

| <i>Federal Grantor</i>   | <i>Federal Assistance Listing Number</i> | <i>Federal Pass-through Entity Identifying Number</i> | <i>Total Federal Expenditures</i> | <i>Expenditures to Subrecipients</i> |
|--|--|---|-----------------------------------|--------------------------------------|
| <i>Cluster or Program Title</i><br><i>Pass-through Grantor</i> |  |   |                                   |                                      |
| <b><i>U.S. Department of Commerce</i></b>                      |  |   |                                   |                                      |
| Economic Development Cluster                                   |  |   |                                   |                                      |
| Economic Adjustment Assistance                                 |  |   |                                   |                                      |
| Direct Program   | 11.307                                   | 01-79-08851   | 435,215                           | -                                    |
| Direct Program   | 11.307                                   | 01-79-14260   | <u>484,014</u>                    | <u>-</u>                             |
| Total Economic Adjustment Assistance                           |  |   | <u>919,229</u>                    | <u>-</u>                             |
| Total U.S. Department of Commerce                              |  |   | <u>919,229</u>                    | <u>-</u>                             |
| <b><i>Small Business Administration</i></b>                    |  |   |                                   |                                      |
| Microloan Program  |  |   |                                   |                                      |
| Direct Program (Loan)  | 59.046                                   | 702-510-5007 SBA                                      | 189,265                           | -                                    |
| Direct Program (Loan)  | 59.046                                   | 960-371-5003 SBA                                      | 492,903                           | -                                    |
| Direct Program (Loan)  | 59.046                                   | 365-889-7003 SBA                                      | 594,817                           | -                                    |
| Direct Program (Loan)  | 59.046                                   | 839-167-8202 SBA                                      | 350,000                           | -                                    |
| Direct Program (Grant)   | 59.046                                   | SBAHQ-19-Y-0015                                       | <u>200,546</u>                    | <u>-</u>                             |
| Total Microloan Program  |  |   | <u>1,827,531</u>                  | <u>-</u>                             |
| 7(a) Loan Guarantees   |  |   |                                   |                                      |
| Direct Program (Loan Guarantees)                               | 59.012                                   | N/A   | <u>767,718</u>                    | <u>-</u>                             |
| Total Small Business Administration                            |  |   | <u>2,595,249</u>                  | <u>-</u>                             |
| <b><i>U.S. Department of Health and Human Services</i></b>     |  |   |                                   |                                      |
| Social Services Block Grant                                    |  |   |                                   |                                      |
| Passed through Massachusetts Department of Public Health (DPH) | 93.667                                   | INTF3423M03181028012                                  | <u>417,146</u>                    | <u>-</u>                             |
| Total U.S. Department of Health and Human Services             |  |   | <u>417,146</u>                    | <u>-</u>                             |

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2021

| <i>Federal Grantor</i>   | <i>Federal</i>    | <i>Federal</i>            |                      |                        |
|--|-------------------|---------------------------|----------------------|------------------------|
| <i>Cluster or Program Title</i>  | <i>Assistance</i> | <i>Pass-through</i>       | <i>Total Federal</i> | <i>Expenditures to</i> |
| <i>Pass-through Grantor</i>  | <i>Listing</i>    | <i>Entity Identifying</i> | <i>Expenditures</i>  | <i>Subrecipients</i>   |
|  | <i>Number</i>     | <i>Number</i>             |                      |                        |
| <b><i>U.S. Department of Homeland Security</i></b>   |                   |                           |                      |                        |
| Emergency Food and Shelter National Board Program  |                   |                           |                      |                        |
| Passed through United Way of the Pioneer Valley  | 97.024            | N/A                       | 19,338               | -                      |
| Total U.S. Department of Homeland Security   |                   |                           | <u>19,338</u>        | <u>-</u>               |
| <b><i>U.S. Department of Agriculture</i></b>   |                   |                           |                      |                        |
| Pilot Projects to Reduce Dependency and Increase Work Requirements<br>and Work Effort under SNAP |                   |                           |                      |                        |
| Passed through the University of Massachusetts Medical School                                    | 10.596            | N/A                       | 8,392                | -                      |
| Total U.S. Department of Agriculture   |                   |                           | <u>8,392</u>         | <u>-</u>               |
| <b><i>U.S. Department of Justice</i></b>   |                   |                           |                      |                        |
| Crime Victim Assistance  |                   |                           |                      |                        |
| Passed through Massachusetts DPH   | 16.575            | INTF343MO3W200168018      | 46,491               | -                      |
| Total U.S. Department of Justice   |                   |                           | <u>46,491</u>        | <u>-</u>               |
| Total expenditures of federal awards   |                   |                           | <u>\$ 73,211,331</u> | <u>\$ 50,225</u>       |

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Way Finders, Inc. (Way Finders) under programs of the Federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion Way Finders' operations, it is not intended to and does not present the financial position, changes in net assets or cash flows of Way Finders.

**2. Summary of Significant Accounting Policies**

- a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) The Organization has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**3. Loan and Guarantee Assistance**

*Community Development Block Grant (CFDA #14.218)*

The Community Development Block Grant loan which was received in a prior fiscal year, is included on the Schedule at its outstanding balance as of July 1, 2020 as it includes continuing compliance requirements. During 2021, no additional proceeds were received or payments made. At June 30, 2021, the loan balance was \$170,000.

*Microloan Program (CFDA #59.046)*

Federal awards in the form of loans from the U.S. Small Business Administration (SBA) are included on the Schedule at their outstanding balances as of July 1, 2020 plus any new proceeds received during fiscal year 2021 as they include continuing compliance requirements. The activity on these loans for the year ended June 30, 2021 is as follows:

| <i>Federal Award Number</i> | <i>702-510-<br/>5007 SBA</i> | <i>960-371-<br/>5003 SBA</i> | <i>365-889-<br/>7003 SBA</i> | <i>839-167-<br/>8202 SBA</i> |
|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Balance July 1, 2020        | \$ 189,265                   | \$ 492,903                   | \$ 594,817                   | \$ -                         |
| Proceeds received           | -                            | -                            | -                            | 350,000                      |
| Payments made               | <u>(41,882)</u>              | <u>(67,333)</u>              | <u>(63,285)</u>              | <u>-</u>                     |
| Balance June 30, 2021       | <u>\$ 147,383</u>            | <u>\$ 425,570</u>            | <u>\$ 531,532</u>            | <u>\$ 350,000</u>            |

**Way Finders, Inc. and Subsidiaries**  
Notes to Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2021

**3. *Loan and Guarantee Assistance – Continued***

*7(a) Loan Guarantees (CFDA #59.012)*

The SBA has guaranteed between 75% and 90% of qualifying outstanding balances on loans receivable made by Common Capital, Inc. The federal award expenditures reported on the Schedule is equal to the outstanding guarantees at July 1, 2020 plus any additional guarantees made during the year ended June 30, 2021. At June 30, 2020, the guarantees covered \$626,948 of \$776,096 qualifying loans. At June 30, 2021, the guarantees covered \$655,773 of \$795,605 qualifying loans. SBA provided an additional \$140,770 in guarantees for \$159,833 in new loans made during the year ended June 30, 2021.

**4. *Economic Adjustment Assistance (CFDA #11.307)***

In accordance with the U.S. Office of Management and Budget (OMB) *Compliance Supplement* for this program, expenditures reported on the Schedule are calculated as follows:

| <i>Federal Award Number</i>  | <i>01-79-14260</i> | <i>01-79-08851</i> |
|--|--------------------|--------------------|
| Revolving Loan Fund principal at June 30, 2021   | \$ 437,180         | \$ 746,201         |
| Revolving Loan Fund cash and investment balances at<br>June 30, 2021                   | 142,338            | 89,696             |
| Administrative expenses paid out of the Revolving Loan<br>Fund during fiscal year 2021 | <u>25,499</u>      | <u>34,533</u>      |
| Total program expenditures for the year ended June 30, 2021                            | 605,017            | 870,430            |
| Federal share of the Revolving Loan Fund   | <u>80%</u>         | <u>50%</u>         |
| Federal expenditures for the year ended June 30, 2021                                  | <u>\$ 484,014</u>  | <u>\$ 435,215</u>  |

**REPORTS ON INTERNAL CONTROL  
AND COMPLIANCE**



**DANIEL DENNIS & Co**  
Certified Public Accountants

*Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards*

The Board of Directors of  
**Way Finders, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Way Finders, Inc. and subsidiaries (the Organization) which comprise the consolidating statement of financial position as of June 30, 2021, and the related consolidating statements of activities, changes in net assets/(deficit), functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated November 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidating financial statements, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidating financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidating financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Daniel Dennis & Company LLP*

*November 12, 2021*



**DANIEL DENNIS & Co**  
Certified Public Accountants

*Independent Auditors' Report on Compliance For Each Major Program and on Internal Control  
Over Compliance Required by the Uniform Guidance*

The Board of Directors of  
**Way Finders, Inc.**

**Report on Compliance for Each Major Federal Program**

We have audited Way Finders, Inc. and subsidiaries' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Organization's consolidating financial statements include the operations of Southampton Housing for the Elderly, Inc. and Stevens Senior Housing of Ludlow, Inc., which received \$3,229,003 and \$4,946,447, respectively, in federal awards, which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2021. Our audit, as described below, did not include the operations of Southampton Housing for the Elderly, Inc. and Stevens Senior Housing of Ludlow, Inc. because their federal awards are audited within each organization's stand-alone audit performed in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Daniel Dennis & Company LLP*

November 12, 2021

**Way Finders, Inc. and Subsidiaries**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditor's report issued - Unmodified

*Internal control over financial reporting:*

- Material weaknesses identified? \_\_\_\_\_ yes  X  no

- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes  X  no

- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs - Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

| CFDA Number | Name of Program                            |
|-------------|--|
| 21.019      | <i>Coronavirus Relief Fund</i>             |
| 20.023      | <i>Emergency Rental Assistance Program</i> |

Dollar threshold used to distinguish between type A and type B programs: \$ 2,196,339

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**Way Finders, Inc. and Subsidiaries**  
Schedule of Findings and Questioned Costs – *Continued*  
For the Year Ended June 30, 2021

**II. FINANCIAL STATEMENT FINDINGS**

**A. *Deficiencies in Internal Control over Financial Reporting***

None

**B. *Material Fraud and Noncompliance with Provisions of Laws and Regulations***

None

**C. *Material Noncompliance with Provisions of Contracts and Grants Agreements***

None

**D. *Material Abuse***

None

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**Way Finders, Inc. and Subsidiaries**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2021

There were no unresolved audit findings from prior year's audits of Way Finders, Inc. and subsidiaries.