



**AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

## JUST-A-START CORPORATION AND AFFILIATES

Contents  
December 31, 2017 and 2016

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## Independent Auditor's Report

To the Board of Directors of  
Just-A-Start Corporation and Affiliates:

### **Report on the Consolidating Financial Statements**

We have audited the accompanying consolidating financial statements of Just-A-Start Corporation (a Massachusetts corporation, not for profit) (JAS) and Affiliates (collectively, the Agency), which comprise the consolidating statements of financial position as of December 31, 2017 and 2016, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

### ***Management's Responsibility for the Consolidating Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidating financial statements based on our audits. We did not audit the financial statements of the Rental Properties of the Agency, with the exception of JAS Properties (see page 17) and Next Step Housing Corporation, which we audited as of and for the years ended December 31, 2017 and 2016, and St. Patricks Place Limited Partnership, Putnam Place Limited Partnership and Churchill Court Limited Partnership, which we audited as of and for the month ended December 31, 2017. The remainder of the financial statements of the Rental Properties were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the Rental Properties, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

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

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

## ***Opinion***

In our opinion, based on our audits and reports of the other auditors, the consolidating financial statements referred to on page one present fairly, in all material respects, the consolidating financial position of Just-A-Start Corporation and Affiliates as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years the ended, in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplementary information shown on pages 55 through 59 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information related to JAS Properties and Next Step Housing Corporation as of and for the years ended December 31, 2017 and 2016, and the information related to St. Patricks Place Limited Partnership, Putnam Place Limited Partnership and Churchill Court Limited Partnership as of and for the month ended December 31, 2017, has been subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information related to this entity is fairly stated in all material respects to the consolidating financial statements as a whole. In our opinion, the supplementary information which insofar as it relates to the Rental Properties of the Agency, aside from JAS Properties and Next Step Housing Corporation, as of and for the years ended December 31, 2017 and 2016, and St. Patricks Place Limited Partnership, Putnam Place Limited Partnership and Churchill Court Limited Partnership as of and for the month ended December 31, 2017, is based on the reports of other auditors, is fairly stated in all material respects to the consolidating financial statements as a whole.



Boston, Massachusetts  
June 20, 2018

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

Consolidating Statements of Financial Position  
December 31, 2017 and 2016

	2017				2016			
	Just-A-Start				Just-A-Start			
	Operating	Rental Properties (Exhibit A)	Eliminations	Total	Operating	Rental Properties (Exhibit A)	Eliminations	Total
<b>Assets</b>								
Current Assets:								
Cash and cash equivalents	\$ 2,769,776	\$ 3,102,484	\$ -	\$ 5,872,260	\$ 3,188,781	\$ 1,916,399	\$ -	\$ 5,105,180
Rent receivable	-	201,722	-	201,722	-	88,550	-	88,550
Escrows	-	251,940	-	251,940	-	199,556	-	199,556
Accounts and grants receivable	1,289,310	-	-	1,289,310	732,664	-	-	732,664
Current portion of notes receivable	355,551	-	-	355,551	135,723	-	-	135,723
Current portion of due from affiliates	2,468,255	623,624	(3,091,879)	-	1,173,868	-	(1,173,868)	-
Current portion of notes and interest receivable - affiliates	-	-	-	-	145,312	-	(145,312)	-
Property held for sale	-	-	-	-	1,550,857	-	-	1,550,857
Prepaid expenses and other	57,087	81,563	-	138,650	129,372	100,367	-	229,739
Current portion of projects under development	2,360,785	-	-	2,360,785	1,611,360	-	-	1,611,360
Total current assets	9,300,764	4,261,333	(3,091,879)	10,470,218	8,667,937	2,304,872	(1,319,180)	9,653,629
Other Assets:								
Restricted deposits	5,750,451	2,248,235	-	7,998,686	1,446,734	3,243,472	-	4,690,206
Accounts receivable - insurance proceeds	-	-	-	-	-	3,926,000	-	3,926,000
Due from affiliates, net of current portion	428,317	4,622,435	(5,050,752)	-	220,129	500,000	(720,129)	-
Investment in affiliates	83,920	-	(83,920)	-	83,920	-	(83,920)	-
Notes receivable, net of current portion	3,412,056	-	-	3,412,056	3,812,215	-	-	3,812,215
Notes and interest receivable - affiliates, net current portion and valuation allowance	460,000	-	(460,000)	-	1,466,572	-	(1,466,572)	-
Projects under development, net of current portion	1,092,662	3,129,678	-	4,222,340	706,878	18,549,479	-	19,256,357
Capitalized costs, net	-	655,041	-	655,041	-	63,316	-	63,316
Total other assets	11,227,406	10,655,389	(5,594,672)	16,288,123	7,736,448	26,282,267	(2,270,621)	31,748,094
Property and Equipment, net	911,516	76,967,683	-	77,879,199	1,008,641	50,010,412	-	51,019,053
Total assets	\$ 21,439,686	\$ 91,884,405	\$ (8,686,551)	\$ 104,637,540	\$ 17,413,026	\$ 78,597,551	\$ (3,589,801)	\$ 92,420,776
<b>Liabilities and Net Assets</b>								
Current Liabilities:								
Current portion of long-term debt	\$ 1,900,121	\$ 7,969,381	\$ -	\$ 9,869,502	\$ 1,775,481	\$ 655,540	\$ (37,898)	\$ 2,393,123
Current portion of contingent debt	-	359,422	-	359,422	-	-	-	-
Current portion of accounts payable, accrued expenses and other	479,277	1,540,031	-	2,019,308	374,253	1,713,624	-	2,087,877
Current portion of due to affiliates	435,131	2,656,748	(3,091,879)	-	-	1,281,282	(1,281,282)	-
Total current liabilities	2,814,529	12,525,582	(3,091,879)	12,248,232	2,149,734	3,650,446	(1,319,180)	4,481,000
Long-term Liabilities:								
Accounts payable, accrued expenses and other, net of current portion	-	-	-	-	-	2,414,985	-	2,414,985
Long-term debt, net	959,426	33,569,496	-	34,528,922	1,579,162	26,604,029	(60,441)	28,122,750
Contractual advances	3,507,124	-	-	3,507,124	3,481,131	-	-	3,481,131
Due to affiliates, net of current portion	4,622,435	1,097,663	(5,720,098)	-	500,000	1,033,915	(1,533,915)	-
Contingent debt and deferred interest, net of current portion	460,000	37,080,991	(9,193,796)	28,347,195	1,090,000	27,326,291	(3,739,758)	24,676,533
Total long-term liabilities	9,548,985	71,748,150	(14,913,894)	66,383,241	6,650,293	57,379,220	(5,334,114)	58,695,399
Total liabilities	12,363,514	84,273,732	(18,005,773)	78,631,473	8,800,027	61,029,666	(6,653,294)	63,176,399
Net Assets and Non-Controlling Interests:								
Without donor restrictions:								
Operating	6,165,121	3,616,781	-	9,781,902	4,411,096	1,986,914	-	6,398,010
Real estate development	1,013,617	-	-	1,013,617	1,653,939	-	-	1,653,939
Property and equipment	911,516	3,993,892	3,698,357	8,603,765	1,513,959	15,580,971	(3,463,505)	13,631,425
Total without donor restrictions	8,090,254	7,610,673	3,698,357	19,399,284	7,578,994	17,567,885	(3,463,505)	21,683,374
With donor restrictions	985,918	-	-	985,918	1,034,005	-	-	1,034,005
Total Just-A-Start and Affiliates' net assets	9,076,172	7,610,673	3,698,357	20,385,202	8,612,999	17,567,885	(3,463,505)	22,717,379
Non-controlling interests	-	-	5,620,865	5,620,865	-	-	6,526,998	6,526,998
Total net assets and non-controlling interests	9,076,172	7,610,673	9,319,222	26,006,067	8,612,999	17,567,885	3,063,493	29,244,377
Total liabilities, net assets and non-controlling interests	\$ 21,439,686	\$ 91,884,405	\$ (8,686,551)	\$ 104,637,540	\$ 17,413,026	\$ 78,597,551	\$ (3,589,801)	\$ 92,420,776

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

JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statements of Activities  
For the Years Ended December 31, 2017 and 2016

	2017				2016			
	Just-A-Start				Just-A-Start			
	Operating	Rental Properties (Exhibit B)	Eliminations	Total	Operating	Rental Properties (Exhibit B)	Eliminations	Total
Net Assets Without Donor Restrictions:								
Operating revenues:								
Rental income	\$ -	\$ 9,776,610	\$ -	\$ 9,776,610	\$ -	\$ 9,550,778	\$ -	\$ 9,550,778
Contracts	2,685,786	-	-	2,685,786	2,251,646	-	-	2,251,646
Developer and other service fees	2,796,720	-	(701,424)	2,095,296	1,706,495	-	(701,742)	1,004,753
Grants and contributions	653,582	-	-	653,582	650,916	-	-	650,916
Interest income and other	398,820	244,291	(144,364)	498,747	324,792	231,065	(198,688)	357,169
Net assets released from purpose restriction	149,314	-	-	149,314	59,893	-	-	59,893
Total operating revenues	6,684,222	10,020,901	(845,788)	15,859,335	4,993,742	9,781,843	(900,430)	13,875,155
Operating expenses:								
Education and training	2,034,890	-	-	2,034,890	1,952,807	-	-	1,952,807
Housing resources	1,078,088	-	-	1,078,088	948,914	-	-	948,914
Real estate development	992,098	-	-	992,098	772,716	-	-	772,716
Rental housing	-	7,694,323	(556,984)	7,137,339	-	7,248,240	(552,996)	6,695,244
General and administrative	918,768	-	-	918,768	820,512	-	-	820,512
Fundraising	252,835	-	-	252,835	253,316	-	-	253,316
Total operating expenses before interest - amortization and depreciation and amortization	5,276,679	7,694,323	(556,984)	12,414,018	4,748,265	7,248,240	(552,996)	11,443,509
Interest - amortization	-	120,281	-	120,281	-	130,848	-	130,848
Depreciation and amortization	127,623	2,395,057	-	2,522,680	135,806	2,189,475	-	2,325,281
Total operating expenses	5,404,302	10,209,661	(556,984)	15,056,979	4,884,071	9,568,563	(552,996)	13,899,638
Changes in net assets without donor restrictions from operations	1,279,920	(188,760)	(288,804)	802,356	109,671	213,280	(347,434)	(24,483)
Other income (expense):								
Gain on involuntary conversion	-	870,908	-	870,908	-	3,726,528	-	3,726,528
Donated property	251,400	-	-	251,400	-	-	-	-
Recovery of notes receivable	86,016	-	(86,016)	-	62,898	-	(62,898)	-
Loss on non-recoverable capitalized costs	(20,363)	-	-	(20,363)	-	-	-	-
Other non-operating expenses	-	(180,524)	-	(180,524)	-	-	-	-
Deferred interest	-	(691,321)	288,075	(403,246)	-	(612,624)	251,506	(361,118)
Reserve for uncollectible interest receivable	(1,006,572)	-	1,006,572	-	-	-	-	-
Total other income (expense)	(689,519)	(937)	1,208,631	518,175	62,898	3,113,904	188,608	3,365,410
Changes in net assets without donor restrictions from continuing operations	590,401	(189,697)	919,827	1,320,531	172,569	3,327,184	(158,826)	3,340,927
Loss on Discontinued Operations	(49,141)	-	-	(49,141)	(37,858)	-	-	(37,858)
Changes in net assets without donor restrictions	541,260	(189,697)	919,827	1,271,390	134,711	3,327,184	(158,826)	3,303,069
Net Assets With Donor Restrictions:								
Grants and contributions	101,227	-	-	101,227	181,627	-	-	181,627
Net assets released from purpose restrictions	(149,314)	-	-	(149,314)	(59,893)	-	-	(59,893)
Changes in net assets with donor restrictions	(48,087)	-	-	(48,087)	121,734	-	-	121,734
Changes in net assets	493,173	(189,697)	919,827	1,223,303	256,445	3,327,184	(158,826)	3,424,803
Changes in Net Assets Attributable to Non-Controlling Interests	-	839,550	-	839,550	-	219,347	-	219,347
Changes in net assets attributable to Just-A-Start Corporation	\$ 493,173	\$ 649,853	\$ 919,827	\$ 2,062,853	\$ 256,445	\$ 3,546,531	\$ (158,826)	\$ 3,644,150

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

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

Consolidating Statements of Changes in Net Assets  
For the Years Ended December 31, 2017 and 2016

	<b>Just-A-Start and Consolidated Entities' Net Assets</b>				<b>Non- Controlling Interest</b>	<b>Total</b>
	<b>Operating</b>	<b>Rental Properties (Exhibit C)</b>	<b>Eliminations</b>	<b>Total</b>		
<b>Net Assets, December 31, 2015</b>	\$ 8,356,554	\$ 12,705,297	\$ (332,221)	\$ 20,729,630	\$ 3,497,082	\$ 24,226,712
Capital contributions	-	2,075,335	(2,075,335)	-	2,075,335	2,075,335
Changes in net assets	256,445	3,327,184	60,521	3,644,150	(219,347)	3,424,803
Syndication costs	-	(52,701)	52,701	-	(52,701)	(52,701)
Transfer for change in ownership	-	-	(1,617,721)	(1,617,721)	1,617,721	-
Distributions	-	(487,230)	448,550	(38,680)	(391,092)	(429,772)
<b>Net Assets, December 31, 2016</b>	8,612,999	17,567,885	(3,463,505)	22,717,379	6,526,998	29,244,377
Syndication of JAS Consolidated	(30,000)	(9,593,646)	5,228,616	(4,395,030)	-	(4,395,030)
Changes in net assets	493,173	(189,697)	1,759,377	2,062,853	(839,550)	1,223,303
Syndication costs	-	(53,798)	53,798	-	(53,798)	(53,798)
Distributions	-	(120,071)	120,071	-	(12,785)	(12,785)
<b>Net Assets, December 31, 2017</b>	<u>\$ 9,076,172</u>	<u>\$ 7,610,673</u>	<u>\$ 3,698,357</u>	<u>\$ 20,385,202</u>	<u>\$ 5,620,865</u>	<u>\$ 26,006,067</u>

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

JUST-A-START CORPORATION AND AFFILIATES

Consolidating Statements of Cash Flows  
For the Years Ended December 31, 2017 and 2016

	2017				2016			
	Just-A-Start	Rental Properties	Eliminations	Total	Just-A-Start	Rental Properties	Eliminations	Total
	Operating				Operating			
<b>Cash Flows from Operating Activities:</b>								
Changes in net assets	\$ 493,173	\$ (189,697)	\$ 919,827	\$ 1,223,303	\$ 256,445	\$ 3,327,184	\$ (158,826)	\$ 3,424,803
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Interest - amortization	-	120,281	-	120,281	-	130,848	-	130,848
Depreciation and amortization	127,623	2,395,057	-	2,522,680	157,398	2,189,475	-	2,346,873
Bad debts	9,188	14,901	-	24,089	7,254	7,642	-	14,896
Gain on involuntary conversion	-	(870,908)	-	(870,908)	-	(3,726,528)	-	(3,726,528)
Recovery of notes receivable	(86,016)	-	86,016	-	(62,898)	-	62,898	-
Donated property	(251,400)	-	-	(251,400)	-	-	-	-
Loss on non-recoverable capitalized costs	20,363	-	-	20,363	-	-	-	-
Deferred interest	-	691,321	(288,075)	403,246	-	612,624	(251,506)	361,118
Reserve for uncollectible interest receivable	1,006,572	-	(1,006,572)	-	-	-	-	-
Impairment loss	-	-	-	-	74,663	-	-	74,663
Changes in operating assets and liabilities:								
Rent receivable	-	(128,073)	-	(128,073)	-	(21,022)	-	(21,022)
Escrows	-	(52,384)	-	(52,384)	-	(71,441)	-	(71,441)
Accounts and grants receivable	(595,834)	-	-	(595,834)	389,919	-	-	389,919
Due from affiliates	(141,461)	311,507	(170,046)	-	(447,161)	169,316	277,845	-
Prepaid expenses and other	72,285	18,804	-	91,089	(44,124)	(37,396)	-	(81,520)
Accounts payable, accrued expenses and other	105,024	256,179	-	361,203	(304,769)	261,179	-	(43,590)
Due to affiliates	-	78,100	(78,100)	-	(169,316)	222,536	(53,220)	-
Net cash provided by (used in) operating activities	<u>759,517</u>	<u>2,645,088</u>	<u>(536,950)</u>	<u>2,867,655</u>	<u>(142,589)</u>	<u>3,064,417</u>	<u>(122,809)</u>	<u>2,799,019</u>
<b>Cash Flows from Investing Activities:</b>								
Purchase of property and equipment	(30,498)	(13,530,431)	-	(13,560,929)	(89,511)	(1,362,175)	-	(1,451,686)
Proceeds from sale of property	920,857	-	-	920,857	-	-	-	-
Cash recovery of notes and interest receivable - affiliate	231,328	-	(231,328)	-	25,000	-	(25,000)	-
Expenditures related to involuntary conversion	-	(78,569)	-	(78,569)	-	(96,201)	-	(96,201)
Purchase of projects under development	(904,172)	(3,129,678)	-	(4,033,850)	(219,311)	(11,756,602)	-	(11,975,913)
Net change in notes receivable	180,331	-	-	180,331	(96,186)	-	-	(96,186)
(Increase) decrease in restricted deposits	(4,303,717)	995,237	-	(3,308,480)	(420,763)	(545,819)	-	(966,582)
Due to/from affiliates	3,196,452	(3,696,452)	500,000	-	500,000	(500,000)	-	-
Transaction costs for syndication of JAS Consolidated	-	(354,147)	-	(354,147)	-	-	-	-
Net cash used in investing activities	<u>(709,419)</u>	<u>(19,794,040)</u>	<u>268,672</u>	<u>(20,234,787)</u>	<u>(300,771)</u>	<u>(14,260,797)</u>	<u>(25,000)</u>	<u>(14,586,568)</u>
<b>Cash Flows from Financing Activities:</b>								
Proceeds from long-term debt and contingent debt	661,243	19,094,337	-	19,755,580	329,985	12,777,219	-	13,107,204
Collection of insurance proceeds	-	4,805,901	-	4,805,901	-	-	-	-
Debt issuance costs	-	(217,207)	-	(217,207)	-	(712,393)	-	(712,393)
Increase in contractual advance	25,993	-	-	25,993	29,206	-	-	29,206
Principal payments of long-term debt and contingent debt	(1,156,339)	(4,142,087)	122,312	(5,176,114)	(453,954)	(2,488,760)	90,351	(2,852,363)
Capitalized costs	-	(602,266)	-	(602,266)	-	(22,150)	-	(22,150)
Syndication costs	-	(53,798)	-	(53,798)	-	(52,701)	-	(52,701)
Capital contributions	-	-	-	-	-	2,075,335	-	2,075,335
Distributions	-	(549,843)	145,966	(403,877)	-	(57,458)	57,458	-
Net cash provided by (used in) financing activities	<u>(469,103)</u>	<u>18,335,037</u>	<u>268,278</u>	<u>18,134,212</u>	<u>(94,763)</u>	<u>11,519,092</u>	<u>147,809</u>	<u>11,572,138</u>
<b>Net Change in Cash and Cash Equivalents</b>	(419,005)	1,186,085	-	767,080	(538,123)	322,712	-	(215,411)
<b>Cash and Cash Equivalents:</b>								
Beginning of year	<u>3,188,781</u>	<u>1,916,399</u>	<u>-</u>	<u>5,105,180</u>	<u>3,726,904</u>	<u>1,593,687</u>	<u>-</u>	<u>5,320,591</u>
End of year	<u>\$ 2,769,776</u>	<u>\$ 3,102,484</u>	<u>\$ -</u>	<u>\$ 5,872,260</u>	<u>\$ 3,188,781</u>	<u>\$ 1,916,399</u>	<u>\$ -</u>	<u>\$ 5,105,180</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>								
Cash paid for interest	<u>\$ 5,293</u>	<u>\$ 1,435,545</u>	<u>\$ -</u>	<u>\$ 1,440,838</u>	<u>\$ 52,682</u>	<u>\$ 962,841</u>	<u>\$ -</u>	<u>\$ 1,015,523</u>
<b>Supplemental Disclosure of Non-Cash Investing and Financing Transactions:</b>								
Note issuance on sale of real estate	<u>\$ -</u>	<u>\$ 4,685,343</u>	<u>\$ (4,685,343)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contingent debt assigned as part of sale of property	<u>\$ 630,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Projects under development placed in service	<u>\$ -</u>	<u>\$ 18,549,479</u>	<u>\$ -</u>	<u>\$ 18,549,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of property and equipment to property held for sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,550,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,550,857</u>
Distributions included in accounts payable, accrued expenses and other	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,772</u>	<u>\$ -</u>	<u>\$ 429,772</u>

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



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

Consolidating Statement of Functional Expenses  
For the Year Ended December 31, 2017

	Just-A-Start						Rental Properties (Exhibit B)	Eliminations	Total
	Program Services			Supporting Services					
	Education and Training	Housing Resources	Real Estate Development	General and Administrative	Fundraising	Total			
Personnel and Related:									
Salaries	\$ 1,221,630	\$ 550,762	\$ 603,315	\$ 522,236	\$ 136,025	\$ 3,033,968	\$ -	\$ -	\$ 3,033,968
Contract labor	7,202	-	-	-	-	7,202	1,479,680	-	1,486,882
Employee benefits	111,411	79,980	91,944	71,247	18,303	372,885	-	-	372,885
Payroll taxes	101,206	45,628	49,982	43,265	11,269	251,350	-	-	251,350
Total personnel and related	1,441,449	676,370	745,241	636,748	165,597	3,665,405	1,479,680	-	5,145,085
Occupancy:									
Interest	5,293	-	-	-	-	5,293	1,435,545	-	1,440,838
Utilities	16,507	1,939	712	4,592	594	24,344	1,055,167	-	1,079,511
Contracted services	-	-	-	-	-	-	1,340,062	(400,911)	939,151
Repairs and maintenance	5,489	-	-	11,177	-	16,666	412,069	-	428,735
Real estate taxes	-	-	-	-	-	-	406,224	-	406,224
Insurance	23,744	5,224	5,413	14,421	1,256	50,058	301,953	-	352,011
Rents	106,430	20,799	30,754	20,053	2,066	180,102	4,439	-	184,541
Total occupancy	157,463	27,962	36,879	50,243	3,916	276,463	4,955,459	(400,911)	4,831,011
Other Expenses:									
Professional fees	108,026	78,825	147,490	140,919	43,343	518,603	245,277	-	763,880
Management fees	-	-	-	-	-	-	653,750	(156,073)	497,677
Office and other	91,522	23,850	23,853	65,496	15,749	220,470	136,422	-	356,892
Program and client expenses	99,074	212,158	228	1,897	878	314,235	-	-	314,235
Miscellaneous	10,696	31,689	7,936	5,507	15,969	71,797	159,561	-	231,358
Telephone and communications	59,141	26,928	21,083	17,939	7,383	132,474	49,273	-	181,747
Grant expense	35,125	-	-	-	-	35,125	-	-	35,125
Vehicle	32,394	306	200	19	-	32,919	-	-	32,919
Bad debts	-	-	9,188	-	-	9,188	14,901	-	24,089
Total other expenses	435,978	373,756	209,978	231,777	83,322	1,334,811	1,259,184	(156,073)	2,437,922
Total expenses before interest - amortization and depreciation and amortization	2,034,890	1,078,088	992,098	918,768	252,835	5,276,679	7,694,323	(556,984)	12,414,018
Interest - Amortization	-	-	-	-	-	-	120,281	-	120,281
Depreciation and Amortization	93,921	-	-	33,702	-	127,623	2,395,057	-	2,522,680
Total expenses	\$ 2,128,811	\$ 1,078,088	\$ 992,098	\$ 952,470	\$ 252,835	\$ 5,404,302	\$ 10,209,661	\$ (556,984)	\$ 15,056,979

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

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

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

	Just-A-Start								
	Program Services			Supporting Services					
	Education and Training	Housing Resources	Real Estate Development	General and Administrative	Fundraising	Total	Rental Properties (Exhibit B)	Eliminations	Total
Personnel and Related:									
Salaries	\$ 1,159,648	\$ 529,428	\$ 588,140	\$ 468,537	\$ 170,449	\$ 2,916,202	\$ -	\$ -	\$ 2,916,202
Contract labor	22,550	-	-	-	-	22,550	1,516,183	-	1,538,733
Employee benefits	110,998	62,061	94,117	38,428	30,173	335,777	-	-	335,777
Payroll taxes	77,062	39,847	44,335	46,473	12,866	220,583	-	-	220,583
Total personnel and related	1,370,258	631,336	726,592	553,438	213,488	3,495,112	1,516,183	-	5,011,295
Occupancy:									
Interest	11,306	-	-	-	-	11,306	962,841	-	974,147
Utilities	16,729	1,467	1,035	5,634	431	25,296	1,047,175	-	1,072,471
Contracted services	-	-	-	-	-	-	1,333,412	(399,294)	934,118
Repairs and maintenance	5,413	-	451	2,129	-	7,993	562,425	-	570,418
Real estate taxes	-	-	-	-	-	-	397,776	-	397,776
Insurance	20,969	5,495	4,979	9,259	1,649	42,351	287,092	-	329,443
Rents	101,695	22,074	30,386	20,841	1,780	176,776	3,003	-	179,779
Total occupancy	156,112	29,036	36,851	37,863	3,860	263,722	4,593,724	(399,294)	4,458,152
Other Expenses:									
Professional fees	94,990	62,075	117,032	144,811	18,623	437,531	258,114	-	695,645
Management fees	-	-	-	-	-	-	647,664	(153,702)	493,962
Office and other	36,235	21,225	7,787	39,961	7,284	112,492	121,714	-	234,206
Program and client expenses	149,738	171,399	1,422	8,636	365	331,560	-	-	331,560
Miscellaneous	12,275	8,269	13,059	10,375	1,980	45,958	55,873	-	101,831
Telephone and communications	53,203	23,995	17,938	21,928	7,716	124,780	47,326	-	172,106
Grant expense	49,272	-	-	-	-	49,272	-	-	49,272
Vehicle	30,584	-	-	-	-	30,584	-	-	30,584
Bad debts	140	1,579	2,035	3,500	-	7,254	7,642	-	14,896
Total other expenses	426,437	288,542	159,273	229,211	35,968	1,139,431	1,138,333	(153,702)	2,124,062
Total expenses before interest - amortization and depreciation and amortization	1,952,807	948,914	922,716	820,512	253,316	4,898,265	7,248,240	(552,996)	11,593,509
Interest - Amortization	-	-	-	-	-	-	130,848	-	130,848
Depreciation and Amortization	98,274	-	-	37,532	-	135,806	2,189,475	-	2,325,281
Total expenses with capitalized costs	2,051,081	948,914	922,716	858,044	253,316	5,034,071	9,568,563	(552,996)	14,049,638
Less - capitalized costs	-	-	(150,000)	-	-	(150,000)	-	-	(150,000)
Total expenses	\$ 2,051,081	\$ 948,914	\$ 772,716	\$ 858,044	\$ 253,316	\$ 4,884,071	\$ 9,568,563	\$ (552,996)	\$ 13,899,638

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

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 1. OPERATIONS AND NONPROFIT STATUS

#### Operations

Founded in 1968, Just-A-Start Corporation (JAS) is a Massachusetts nonprofit community development corporation dedicated to building the housing security and economic stability of low-to-moderate income people in Cambridge, Massachusetts (Cambridge) and nearby communities. Through innovative, comprehensive, and integrated programs, JAS provides and preserves affordable housing, offers education and workforce training for youth and adults, and builds community engagement. JAS's vision is a better future for all of its constituents - a secure home, a sustaining career, and engagement in the community.

JAS's goals are for all of its constituents to have access to:

**A Secure Home:** Increase housing stability for low-to-moderate income individuals and families. JAS is committed to expanding housing opportunities as a developer and owner of quality affordable housing. JAS also seeks to help local families stabilize and sustain affordable housing and enhance housing safety and quality for long-term housing security.

**A Sustainable Career:** Build economic resiliency and mobility for low-to-moderate income individuals and families. JAS helps people develop knowledge and marketable skills to take advantage of opportunities for a better future and attain economic stability.

**An Engaged Community:** Expand leadership opportunities and community engagement for low- to moderate-income individuals and families. JAS empowers people to use their voices and capabilities to strengthen their communities.

JAS is governed by a seventeen-member volunteer Board of Directors. The vast majority of Board members are residents of communities served by JAS, including residents of JAS housing and graduates of JAS education and training programs. JAS's operations are managed by an Executive Director with extensive experience in nonprofit leadership, including strategic planning for new services, facilities, and programs; advocacy, community relations, and financial management. JAS employs approximately forty-five staff members working in Cambridge. JAS's skilled staff includes teachers, case managers, licensed social workers, an attorneys, trained mediators, construction managers, and project managers. Approximately thirty volunteers serve JAS each year, primarily in its YouthBuild program. JAS is supported by funding from a variety of public and private sources, grants, contracts, and fees.

JAS operates the following programs:

#### ***Rental Housing***

##### Affordable Rental Housing and Resident Services

JAS develops, maintains, and owns 598 units of affordable rental housing for low-to-moderate income tenants in Cambridge and Somerville.

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

##### Asset Management

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

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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

#### Operations (Continued)

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

###### Homeownership Development

JAS develops homes, usually condominiums, for sale to first-time homebuyers. These units are generally affordable to families earning 60% to 80% of the area median income. All of these units are sold under an Affordable Housing Agreement with the City of Cambridge (the City), allowing the City to repurchase the units at the time of a future sale at a restricted resale price.

###### Condo Resale Program

There are more than 500 homeownership units in the City currently subject to Affordable Housing restrictions, including many developed by JAS. JAS manages the preservation, rehab, and resale when an owner decides to sell their unit. New buyers are selected from the Homeownership Resale Pool, which is administered by the City's Housing Division.

##### *Education and Training*

###### JAS YouthBuild

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

###### Biomedical Careers Program

This free, nine-month training prepares low- to moderate-income adults for entry-level jobs in the biotechnology, life sciences, and medical research industries. Training includes chemistry, biology, medical terminology, computers, and laboratory skills. Students also receive job readiness training and job search support. Graduates may be eligible to receive college credits through a partnership with Bunker Hill Community College.

###### IT Training Program

This new workforces development program trains adults for careers in information technology (IT) in IT user support roles. The nine month training includes classroom and internship experience.

###### Youth Programs

These programs provide high school youth and recent graduates with awareness of and preparation for future sustainable career pathways. By increasing the career readiness of youth, the programs impact academic performance by connecting the importance of education to future success and youth community involvement through direct service to the community and other local nonprofit organizations.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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

#### Operations (Continued)

##### *Housing Resources*

###### Home Improvement Program

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

###### Housing Stabilization Services

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

###### Resident Services

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

###### Financial Capability Services

Financial capability education and services are integrated into the JAS work with residents, community members and YouthBuild students.

##### *Shelter Program - Discontinued Operations*

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

The shelter program provided temporary housing and comprehensive support services to homeless families headed by young mothers between the ages of 13 and 21, referred by the Massachusetts Department of Children and Families and Department of Transitional Assistance. Just-A-Start House was a licensed group home that provided a safe, supportive, and progressively independent living environment for these young families. Residents received case management and programming to support parenting, education and careers, money management, life skills, and housing search.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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

#### Operations (Continued)

##### *Shelter Program - Discontinued Operations* (Continued)

##### Just-A-Start House Teen Parent Program (Continued)

During April 2016, JAS's Board of Directors voted to discontinue operations of the Just-A-Start House Teen Parent Program (Just-A-Start House) effective April 30, 2016. As a result, management sold Just-A-Start House during 2017 (see Note 7). The activity relating to the operations of this program is reflected as loss from discontinued operations in the accompanying consolidating statements of activities and is summarized as follows:

	<u>2017</u>	<u>2016</u>
Revenues	\$ -	\$ 300,832
Expenses	-	(264,027)
Impairment loss on property held for sale	<u>(49,141)</u>	<u>(74,663)</u>
Loss from discontinued operations	<u>\$ (49,141)</u>	<u>\$ (37,858)</u>

#### Nonprofit Status

JAS is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). JAS is also exempt from state income taxes. Contributions are deductible by donors within the requirements of the IRC.

### 2. SIGNIFICANT ACCOUNTING POLICIES

JAS prepares its consolidating financial statements in accordance with generally accepted accounting standards (U.S. GAAP) and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Principles of Consolidation

The accompanying consolidating financial statements include the accounts of JAS, its wholly-owned and majority-owned subsidiaries, and certain controlled limited partnerships (LPs), limited liability corporations (LLCs), and nonprofit organizations (NPOs) that own and operate real estate developments sponsored by JAS (see Note 3). All significant intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements. The related organizations are collectively referred to as the Affiliates in the accompanying consolidating financial statements and notes.

#### Estimates

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

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Accounting Principle Adoption

During 2017, JAS and Affiliates adopted the FASB's ASU 2016-01, *Financial Instruments - Overall (Topic 825): Recognition and Measurements of Financial Assets and Financial Liabilities*, removing the requirement to disclose the fair value of JAS and Affiliates' consolidating financial assets and liabilities.

During 2017, JAS and Affiliates early adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU modified the current guidance over several criteria, of which the following affected the JAS and Affiliates' consolidating financial statements:

- Net assets are segregated into two categories: "with donor restrictions" and "without donor restrictions", as opposed to the previous requirement of three classes of net assets. Since JAS and Affiliates previously only had two of the three classes of net assets, this ASU only modifies the captions of each net asset class (see pages 14 and 15).
- Qualitative and quantitative information relating to the management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the consolidating statement of financial position date (see Note 17).
- An explanation of the methods used to allocate costs among program and supporting (general and administrative and fundraising) functions (see page 14).

The adoption of these ASUs did not impact JAS and Affiliates' net assets balance, changes in net assets, or cash flows for the years ended December 31, 2017 and 2016.

#### Cash and Cash Equivalents

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

#### Allowance for Doubtful Accounts

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any (see Notes 3 and 5).

#### Projects Under Development

All real estate and project-related costs incurred during construction are capitalized for developments currently owned by JAS or its Affiliates. These include construction, soft costs, interest, and other project-related costs and are reflected in projects under development (see Note 6) in the accompanying consolidating statements of financial position. Project-related costs paid for by JAS or its Affiliates for developments owned by other entities are included within due from affiliates (see Note 3) in the accompanying consolidating statements of financial position.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation

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

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

Buildings and improvements	10 - 40 years
Equipment and furniture	3 - 10 years
Vehicles	3 - 5 years

JAS and Affiliates account for the carrying value of their long-lived assets in accordance with standards pertaining to *Accounting for the Impairment or Disposal of Long-Lived Assets* under U.S. GAAP. The carrying value is evaluated annually for impairment. During 2017 and 2016, impairment losses were recorded on the Just-A-Start House property (see Notes 1 and 7).

#### Capitalized Costs and Amortization

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

#### Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding and amortization is computed using an imputed interest rate on the related loan. Unamortized debt issuance costs are reported as a reduction of the corresponding obligation (see Notes 10 and 21).

#### Revenue Recognition

Contracts are recognized over the term of the contract as services are provided. Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as donor restricted revenues and net assets when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restriction.

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

Rental income is recorded pro-rata over the life of the related leases and is shown net of vacancies and concessions. Interest income is recognized when earned. All other revenue is recognized when earned.



## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Donated Services and Property**

During 2016, JAS received \$60,300 of donated services for its programs. These donations are reflected in the accompanying consolidating financial statements based upon the estimated value assigned by management and are included in grants and contributions and program and client expenses for the year ended December 31, 2016. JAS did not receive any donated services during 2017.

During 2017, JAS received a donation of a house from an unaffiliated third-party (see Note 6), which was recorded at its fair value of \$251,400. This amount is reflected as donated property in the accompanying consolidating statement of activities for the year ended December 31, 2017. Additional costs related to the renovation of this house have been capitalized and are included in projects under development in the accompanying consolidating statement of financial position as of December 31, 2017 (see Note 6).

#### **Expense Allocation**

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function.

The consolidating statements of functional expenses contain certain categories of expenses that are attributable to program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, occupancy, and other costs, which are allocated, based on an estimate of time and level of effort spent on JAS's programs and supporting functions.

#### **Advertising Costs**

JAS and Affiliates expense advertising costs as they are incurred.

#### **Net Asset Classifications**

##### ***Net Assets Without Donor Restriction***

Net assets without donor restrictions consist of the following activities:

**Operating** net assets represent amounts that have no restrictions and are available as working capital for general operations. This category of net assets also includes net resources from real estate developments expected to be realized in the near term.

**Real Estate Development** net assets represent that portion of assets invested in real estate development projects, net of related debt, which are expected to be realized in greater than one year.

**Property and Equipment** net assets represent that portion of resources, net of related liabilities, invested into long-term productive property and equipment.

##### ***Net Assets With Donor Restrictions***

JAS receives grants and contributions which are designated by donors for specific purposes. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Asset Classifications (Continued)

##### *Net Assets With Donor Restrictions* (Continued)

Included in net assets with donor restrictions is restricted loan capital, which consists of capital resources available as revolving lending capital for JAS's City of Cambridge lending program. Interest earned on donor restricted loan capital increases the available capital balance while write-offs of uncollectible loan receivable balances reduce the available loan capital balance.

Net assets with donor restrictions consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Loan capital	\$ 841,954	\$ 843,541
Purpose restricted	93,964	190,464
Capital	<u>50,000</u>	<u>-</u>
	<u>\$ 985,918</u>	<u>\$ 1,034,005</u>

##### *Non-Controlling Interest*

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

##### **Fair Value Measurements**

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

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

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

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

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

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

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Subsequent Events

Subsequent events have been evaluated through June 20, 2018, which is the date the consolidating financial statements were available to be issued. See Notes 3, 12, 19, 21 and 22 for events that met the criteria for recognition and disclosure in the consolidating financial statements.

#### Income Taxes

As described in Note 1, JAS is exempt from income taxes under Section 501(c)(3) of the IRC. Certain affiliates of JAS are also exempt from income taxes under Sections 501(c)(3) and 501(c)(4) of the IRC (see Note 3). JAS has for-profit corporate affiliates (see Note 3) that are subject to income taxation at the Federal and state levels. The corporate affiliates had, for Federal income tax purposes, net operating loss carryforwards of approximately \$176,000 and \$203,000 available to offset future taxable income as of December 31, 2017 and 2016, respectively. The corporate affiliates had, for state income tax purposes, net operating loss carryforwards of approximately \$109,000 and \$114,000 available to offset future taxable income as of December 31, 2017 and 2016, respectively. The value of the deferred tax assets associated with net operating loss carryforwards has been reserved due to the uncertainty of their future use. No income tax provision has been included in the consolidating financial statements for for-profit affiliates taxed as partnerships, as the income, loss and credits are reported by the partners on their respective income tax returns.

JAS and Affiliates account for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. JAS and Affiliates have determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2017 and 2016. JAS and Affiliates believe that they have appropriate support for the positions taken on their information and tax returns. However, JAS and Affiliates are generally subject to audit by tax authorities for the most recent three years.

### 3. RELATED PARTY TRANSACTIONS

#### Consolidated Entities

JAS and Affiliates' consolidating financial statements include the following entities:

##### ***Operating:***

**JAS Affordable Housing LLC** (JAS Affordable), a Massachusetts limited liability company, formed during February 2012 to acquire and develop affordable housing projects. JAS is the sole member of JAS Affordable, which has elected to be disregarded as a separate entity from JAS for tax purposes. Costs associated with predevelopment activity are recorded in JAS Affordable and are generally recovered once the property is sold to a new ownership entity controlled by JAS.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### *Operating:* (Continued)

**JAS Homeownership LLC** (JAS Homeownership), a Massachusetts limited liability company, formed in April 2014 to acquire deed-restricted condominiums in Cambridge under an agreement with the City. JAS is the sole member of JAS Homeownership, which has elected to be disregarded as a separate entity from JAS for tax purposes. The units are purchased and rehabilitated with funds advanced by the City and resold to qualified buyers provided by the City. JAS earns a predetermined fee per property for this service (see page 23 and Note 6).

During 2017, JAS created the following entities:

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

**Squirrelwood LLC**, a Massachusetts limited liability company, to acquire, hold, develop, manage, operate, invest in interests in real property, including projects located in Cambridge, in its capacity as a member or partner in any limited liability company or limited partnership organized. Squirrelwood JAS LLC is the sole member of Squirrelwood LLC.

**Broadway Park Apartments LLC**, a Massachusetts limited liability company, to acquire, hold, develop, manage, operate, invest in interests in real property, including projects located in Cambridge, in its capacity as a member or partner in any limited liability company or limited partnership organized. Next Step (see page 20) is the sole member of Broadway Park Apartments LLC.

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

**The Close Building LLC**, a Massachusetts limited liability company, to acquire, hold, develop, manage, operate, invest in interests in real property, including projects located in Cambridge, in its capacity as a member or partner in any limited liability company or limited partnership organized. The Close Building MM LLC is the sole member of The Close Building LLC.

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

##### *Rental Properties:*

**JAS Properties** consists of eighty-eight units of affordable residential housing that JAS owns directly. During 2017, fifty-eight units were sold to JAS Consolidated Properties LLC (see Note 18).

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### *Rental Properties:* (Continued)

##### Directly Owned Limited Partnerships

**St. Patricks Place Limited Partnership** (St. Patricks), a Massachusetts limited partnership, which operated thirty-two units of affordable residential apartments in Cambridge. The property was being operated pursuant to an Affordable Housing Agreement with the City and an Affordable Housing Covenant with the Roman Catholic Archbishop of Boston. St. Patricks also entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with the Department of Housing and Community Development (DHCD). JAS controls 100% of St. Patricks' equity interests by 50% ownership as the limited partner and 50% as the general partner, St. Patricks/JAS, Inc. (see page 21). During 2016, a fire destroyed one of St. Patricks' buildings and significantly damaged another (see Note 15). During 2017, substantially all real estate assets and related restricted deposits of St. Patricks were sold to the newly formed JAS Consolidated Properties LLC (see page 20 and Note 18). JAS Consolidated Properties LLC will redevelop the damaged property as part of its overall rehabilitation of the project (see Note 6).

**Putnam Place Limited Partnership** (Putnam Place), a Massachusetts limited partnership, which operated twelve units of affordable residential apartments located in Cambridge. The property was being operated pursuant to an Affordable Housing Agreement with the City. Putnam Place also entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD. JAS controls 100% of Putnam Place's equity interests by 99% ownership as the limited partner and 1% as the general partner, Putnam/JAS, Inc. (see page 21). During 2017, substantially all real estate assets and related restricted deposits of Putnam Place were sold to JAS Consolidated Properties LLC (see page 20 and Note 18).

**Churchill Court Limited Partnership** (Churchill Court), a Massachusetts limited partnership, which owned and operated twelve units of affordable residential apartments in Cambridge. The property was being operated pursuant to an Affordable Housing Restriction Agreement with DHCD. Churchill Court also entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD. JAS controls 100% of Churchill Court's equity interests by 99.99% ownership as the limited partner and 0.01% as the general partner, Churchill/JAS, Inc. (see page 21). During 2017, substantially all real estate assets and related restricted deposits of Churchill Court were sold to JAS Consolidated Properties LLC (see page 20 and Note 18).

**Squirrel Brand Limited Partnership** (Squirrel Brand), a Massachusetts limited partnership, which operates twenty units of affordable residential apartments located in Cambridge. The property is being operated pursuant to an Affordable Housing Restriction Agreement with DHCD. The property is also being operated pursuant to an Affordable Housing Restriction Agreement with the City. Squirrel Brand entered into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD. JAS controls 100% of Squirrel Brand's equity interests by 99.99% ownership as the limited partner (effective December 31, 2016, see page 25) and 0.01% as the general partner, Squirrel/JAS, Inc. (see page 21).

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### *Rental Properties:* (Continued)

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

**Close Building Associates Limited Partnership** (Close Building), a Massachusetts limited partnership, which operates sixty-one units of residential apartments located in Cambridge for low- and moderate-income families/individuals. Prior to December 31, 2016, JAS owned 8.43% of Close Building's equity interests, but controlled Close Building's managing general partner, JAS CDC, Inc. (see page 21). Effective December 31, 2016, the limited partner assigned its 91% interest to JAS. The estimated value of the donated interest was \$14,500,000. Because JAS controlled Close Building prior to the donation, this donation has not been recognized in the accompanying consolidating financial statements. In connection with the transfer of interest, the Close Building also authorized the distribution of \$429,772 to partners in proportion to interests prior to the donation, which was paid during 2017.

Subsequent to year-end, Close Building entered into a Draft Option Agreement containing an offer to purchase Close Building's real estate assets and enter into a long-term ground lease for its land. The intended buyer is a newly formed affiliate, The Close Building LLC (see page 17). Subsequent to year-end, The Close Building LLC entered into several long-term debt commitments related to this transaction (see Note 19). The sale is expected to close on or before December 31, 2018.

##### Syndicated Rental Properties

**Elm Place/JAS Limited Partnership** (Elm Place), a Massachusetts limited partnership, which operates nineteen units of affordable residential apartments and one commercial unit located in Cambridge. The property is being operated pursuant to a MassDocs Affordable Housing Restriction Agreement with the Massachusetts Housing Partnership Fund Board (MHP), as agent on behalf of itself and on behalf of the Commonwealth of Massachusetts, acting by and through DHCD and Community Economic Development Assistance Corporation (CEDAC). The property is also being operated pursuant to an Affordable Housing Covenant with the City and the Cambridge Affordable Housing Trust (CAHT). In addition, the property has a MassDocs Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants with DHCD. JAS owns less than 1% of Elm Place's equity interests, but controls Elm Place's general partner, Elm Place/JAS, Inc. (see page 21).

**Bishop Allen Apartments LLC** (Bishop Allen), a Massachusetts limited liability company, which was formed during 2012 to purchase, own and rehabilitate thirty-two units of residential apartments located in Cambridge. The property was financed using 4% Low Income Tax Credits and Tax Exempt Bond financing through MassDevelopment, as well as Massachusetts Historic Rehabilitation Tax Credits. The Investor Members have committed and paid a total of \$3,728,527 of capital contributions. JAS owns less than 1% of Bishop Allen's equity interests, but controls Bishop Allen's general partner, Bishop Allen JAS, LLC (see page 21).

**Bishop Allen Land LLC** (Land LLC), a Massachusetts limited liability company, which was organized in May 2014 to acquire land. Land LLC acquired the land for the Bishop Allen project and subsequently entered into a ninety-year ground lease with Bishop Allen. Bishop Allen is the sole member of Land LLC.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### *Rental Properties:* (Continued)

##### Syndicated Rental Properties (Continued)

**Rindge Tower Apartments LLC** (Rindge Tower), a Massachusetts limited liability company, which was formed during 2014 to purchase, own and rehabilitate 273 units of residential apartments located in Cambridge. The property, an occupied rehabilitation, is being financed using 4% Low Income Housing Tax Credits, and bridge and permanent financing through MassHousing, as well as through a seller note to JAS (see page 22). JAS is the sponsor and developer of the project and will earn developer fee and overhead. The Investor Member has committed a total of \$11,000,000 of capital contributions, due in five installments. As of December 31, 2017 and 2016, the Investor Member has contributed \$1,650,000 to Rindge Tower. The remaining capital contributions are due in four installments, as specified in the operating agreement. JAS owns less than 1% of Rindge Tower's equity interests, but controls Rindge Tower's general partner, Rindge Tower Apartments JAS, LLC (see page 21).

**JAS Consolidated Properties LLC** (JAS Consolidated), a Massachusetts limited liability company, which was formed in 2017 to acquire, rehabilitate and operate 112 residential units and one commercial unit in twenty buildings across Cambridge. On November 30, 2017, JAS Consolidated acquired certain assets of St. Patricks, Putnam Place, Churchill Court and select properties directly owned by JAS (see Note 18). The Investor Members have committed a total of \$14,325,000 of capital contributions, due in three installments. As of December 31, 2017, no contributions have been received. The installments are due as specified in the operating agreement. JAS is the sponsor and developer of the project and will earn developer fee and overhead. JAS owns less than a 1% equity interest in JAS Consolidated, but controls its managing member, JAS Consolidated MM LLC (see page 21).

##### Non-Profit Rental Properties

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

**Next Step Housing Corporation** (Next Step), a Massachusetts not-for-profit corporation, which operates three units of transitional housing and three units of affordable housing located in Somerville, Massachusetts. Residents are subject to income limitations as prescribed by the lenders. Next Step and JAS are commonly controlled through common directors and management.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### General Partner Entities

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

The following wholly-owned general partners of JAS are included in the consolidating financial statements:

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

Transactions among consolidating entities include:

##### **Right of First Refusal**

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

##### **Notes and Interest Receivable from Affiliates**

Project development notes and accrued interest receivable from Affiliates are generally subordinate to mortgages held by banks or government entities on the Affiliates' properties. JAS's ability to realize these assets is dependent on the ability of each Affiliate to generate sufficient cash flow from operations or from the sale or refinancing by the respective partnership. Due to the long-term nature of expected realization, JAS has established valuation allowances against the value of some of these balances, including accrued interest, to reflect these assets at expected realizable values.



## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Notes and Interest Receivable from Affiliates (Continued)

The balance consisted of the following as of December 31, 2017:

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Final Maturity</u>
Rindge Tower*	1	3.75%	\$ 21,781,600	\$ 1,711,348	July 2058
JAS Consolidated	1	4.00%	5,228,616	17,429	December 2067
JAS Consolidated*	1	4.00%	4,685,343	15,618	December 2067
Bishop Allen	2	3.14%	1,223,000	80,757	June 2054
Squirrel Brand	1	8.5%	660,000	1,983,994	May 2021
			33,578,559	3,809,146	
Less - valuation allowances			33,118,559	3,809,146	
			<u>\$ 460,000</u>	<u>\$ -</u>	

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

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

\* Because these instruments were created among JAS Affiliates in a controlled transfer, principal and accrued interest on the seller notes for Rindge Tower and JAS Consolidated have been characterized as equity in the accompanying supplementary consolidating statements of financial position.

For the years ended December 31, 2017 and 2016, interest earned by JAS on the above affiliate notes totaled \$1,164,066 and \$1,079,661, respectively, of which \$1,125,516 and \$938,432, respectively, was reserved. As of December 31, 2017 and 2016, all of the notes receivable between JAS and its Affiliates have been eliminated in the accompanying consolidating financial statements. The accrued interest, net of valuation allowances, is included in due from affiliates in the accompanying consolidating financial statements.

#### Developer and Other Service Fees

JAS receives certain incentive and supplemental management fees and other program service fees from its rental projects. Fees received during the years ended December 31, 2017 and 2016, totaled \$586,984 and \$552,996, respectively. The incentive and supplemental management fees are recognized when paid based on prior year cash flow for annual services provided by JAS and are included in contracted services and management fees in the accompanying consolidating statements of functional expenses.

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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**3. RELATED PARTY TRANSACTIONS (Continued)****Developer and Other Service Fees (Continued)**

JAS, in its role as sponsor and developer, earns developer fees from each project undergoing rehabilitation. JAS earned developer fees totaling \$2,209,736 and \$1,153,499 during the years ended December 31, 2017 and 2016, respectively, from the projects noted below, which are included in developer and other service fees in the accompanying consolidated statements of activities and are shown net of reserves. There were no amounts reserved for in 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Developer fees:		
Rindge Tower	\$ 1,515,753	\$ 940,753
JAS Consolidated	632,983	-
Condo Repurchase Program (see Note 6)	61,000	62,000
Bishop Allen	<u>-</u>	<u>150,746</u>
Total developer fees	2,209,736	1,153,499
Management, resident service and other fees	<u>586,984</u>	<u>552,996</u>
	2,796,720	1,706,495
Less - eliminations	<u>(701,424)</u>	<u>(701,742)</u>
	<u>\$ 2,095,296</u>	<u>\$ 1,004,753</u>

Developer fees and other receivables were as follows as of December 31, 2017:

<u>Due From</u>	<u>Developer Fees</u>	<u>Other</u>	<u>Total</u>
Rindge Tower	\$ 2,142,870	\$ -	\$ 2,142,870
Squirrel Brand	-	586,055	586,055
JAS Properties	-	135,689	135,689
Churchill Court	-	62,896	62,896
Bishop Allen*	371,776	12,589	384,365
JAS	-	5,057,566	5,057,566
JAS Consolidated	183,090	133,174	316,264
St. Patricks	-	97,558	97,558
Elm Place	-	18,275	18,275
Putnam Place	<u>-</u>	<u>10,439</u>	<u>10,439</u>
	2,697,736	6,114,241	8,811,977
Less - valuation allowance	<u>256,576</u>	<u>412,770</u>	<u>669,346</u>
	2,441,160	5,701,471	8,142,631
Less - current portion	<u>2,258,070</u>	<u>833,809</u>	<u>3,091,879</u>
	<u>\$ 183,090</u>	<u>\$ 4,867,662</u>	<u>\$ 5,050,752</u>

\* In 2016, interest began accruing at 3.14% on the developer fee payable. The developer fee includes \$12,789 of accrued interest as of December 31, 2017.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Developer and Other Service Fees (Continued)

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

<u>Due From</u>	<u>Developer Fees</u>	<u>Other</u>	<u>Total</u>
Rindge Tower	\$ 932,046	\$ -	\$ 932,046
Squirrel Brand	-	586,884	586,884
JAS Properties	-	11,000	11,000
Churchill Court	-	87,000	87,000
Bishop Allen	*507,016	12,222	519,238
JAS	-	500,000	500,000
St. Patricks	-	16,825	16,825
Elm Place	-	12,790	12,790
Putnam Place	-	42,000	42,000
	<u>1,439,062</u>	<u>1,268,721</u>	<u>2,707,783</u>
Less - valuation allowance	<u>359,016</u>	<u>454,770</u>	<u>813,786</u>
	<u>1,080,046</u>	<u>813,951</u>	<u>1,893,997</u>
Less - current portion	<u>1,080,046</u>	<u>93,822</u>	<u>1,173,868</u>
	<u>\$ -</u>	<u>\$ 720,129</u>	<u>\$ 720,129</u>

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

As of December 31, 2017 and 2016, the developer fees and other receivables included in due to and from related parties between JAS and Affiliates have been eliminated in the accompanying consolidating financial statements.

#### Investment in Affiliates

Investments in LPs and LLCs are accounted for using the cost method, but are generally eliminated in consolidation. Investments in LPs and LLCs consist of amounts invested by JAS into various LPs and LLCs through JAS's general partner subsidiaries (see page 21) as support for development projects carried on by those LPs and LLCs.

#### Non-Controlling Interest

The following is a summary of the activity related to the non-controlling interests (see Note 2) of the following syndicated rental properties for the years ended December 31:

	<b>2017</b>				
	<u>Balance December 31, 2016</u>	<u>Investor Share of Net Income (Loss)</u>	<u>Syndication Costs</u>	<u>Distributions</u>	<u>Balance December 31, 2017</u>
Elm Place	\$ 1,319,175	\$ (146,754)	\$ -	\$ (12,785)	\$ 1,159,636
Bishop Allen	3,001,498	(278,788)	-	-	2,722,710
Close Building	(57,081)	473	-	-	(56,608)
Rindge Tower	2,263,406	(379,955)	-	-	1,883,451
JAS Consolidated	<u>-</u>	<u>(34,526)</u>	<u>(53,798)</u>	<u>-</u>	<u>(88,324)</u>
	<u>\$ 6,526,998</u>	<u>\$ (839,550)</u>	<u>\$ (53,798)</u>	<u>\$ (12,785)</u>	<u>\$ 5,620,865</u>

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Non-Controlling Interest (Continued)

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

### 4. RESTRICTED DEPOSITS AND ESCROWS

The balances of restricted deposits and escrows include cash and highly liquid investments with an initial maturity of three months or less and a short-term certificate of deposit (CD). As of December 31, 2017, JAS has one short-term CD that earns interest at 1.35% per annum and matures in November 2018. JP Morgan Chase Bank required that JAS hold this CD with the bank under the terms of the financing the bank provided to JAS Consolidated. At December 31, 2017, the value of this CD was \$1,900,000, which is a portion of the construction escrow below.

Restricted deposits consist of the following as of December 31, 2017 and 2016:

	2017		
	Operating	Rental Properties	Total
Real estate and insurance escrows	\$ -	\$ 251,940	\$ 251,940
Restricted deposits:			
Construction escrow	\$ 4,622,435	\$ -	\$ 4,622,435
Replacement reserves	-	1,267,972	1,267,972
Operating reserves	-	980,263	980,263
Home Improvement Program funds (see Note 5)	<u>1,128,016</u>	<u>-</u>	<u>1,128,016</u>
Total restricted deposits	<u>\$ 5,750,451</u>	<u>\$ 2,248,235</u>	<u>\$ 7,998,686</u>

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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**4. RESTRICTED DEPOSITS AND ESCROWS (Continued)**

	<b>2016</b>		
	<b>Operating</b>	<b>Rental Properties</b>	<b>Total</b>
Real estate and insurance escrows	\$ -	\$ 199,556	\$ 199,556
Restricted deposits:			
Replacement reserves	\$ -	\$ 1,923,905	\$ 1,923,905
Operating reserves	13,152	1,319,567	1,332,719
Home Improvement Program funds (see Note 5)	933,582	-	933,582
Insurance proceeds (see Note 15)	500,000	-	500,000
Total restricted deposits	\$ 1,446,734	\$ 3,243,472	\$ 4,690,206

Under the provisions of mortgage and partnership agreements (see Note 10), JAS and Affiliates are required to maintain operating reserves to fund potential future operating deficits and maintain replacement reserves to fund future capital improvements. Real estate and insurance escrows are maintained by the properties to ensure timely payment of all real estate taxes and insurance premiums.

**5. NOTES RECEIVABLE****Home Improvement Program**

JAS, in collaboration with the City and Cambridge Savings Bank (CSB), operates the Home Improvement Program (HIP) where JAS provides low-interest (servicing notes) and deferred payment home improvement loans to income-eligible homeowners to make necessary repairs to their homes.

As of December 31, 2017 and 2016, JAS had the following notes receivable outstanding under HIP:

<b>Type</b>	<b>Interest Rates</b>	<b># of Notes</b>	<b>2017</b>	<b># of Notes</b>	<b>2016</b>
			<b>Principal Balance</b>		<b>Principal Balance</b>
City of Cambridge:					
Servicing notes	0% - 3%	83	\$ 2,175,274	86	\$ 2,281,070
Deferred payment	0%	64	1,050,042	67	1,114,021
			3,225,316		3,395,091
Cambridge Savings Bank - servicing	0% - 3%	30	491,330	33	534,672
Interest receivable			32,786		-
Other			18,175		18,175
Total notes receivable			3,767,607		3,947,938
Less - current portion			355,551		135,723
			\$ 3,412,056		\$ 3,812,215

Servicing notes require monthly payments of principal and interest ranging from \$13 to \$1,036 and are typically required to be repaid over a term of thirty years. Deferred payment loans do not require monthly payments and are due in full upon the sale or transfer of the homeowners' property. These notes are secured by the homeowners' properties. Some notes are cross-collateralized with the advances provided by the City and the CSB line of credit (see Notes 10 and 11).

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 5. NOTES RECEIVABLE (Continued)

#### Home Improvement Program (Continued)

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

2018	\$ 355,551
2019	\$ 117,731
2020	\$ 123,775
2021	\$ 141,224
2022	\$ 113,914

#### Allowance for Loan Losses

JAS provides for an allowance for potential loan losses of the loan portfolio. The allowance is based on JAS's assessment of the collectability of individual notes receivable. There were no allowances for loan losses recorded at December 31, 2017 or 2016, since there are no significant anticipated losses based on management's assessment.

#### Contractual Advances

As of December 31, 2017 and 2016, contractual advances consist of \$3,507,124 and \$3,481,131, respectively, which represents the aggregate amount of home improvement loan pool funds advanced by and subject to recall by the City. Advances from the City are not formal loans, however, JAS and the City mutually agree that this funding represents a liability. Proceeds from these advances are used to fund homeowner loans under HIP. There are no formal repayment terms and payments are not typically made in the event a homeowner loan is paid in full.

### 6. PROJECTS UNDER DEVELOPMENT

The following is a summary of amounts included in projects under development as presented in the accompanying consolidating statements of financial position. These include development costs for condos that JAS acquires and develops for sale to individual homeowners and other development costs related to rehabilitation of rental projects (see below). Costs considered to be recoverable are capitalized. Recoverable costs expected to be realized within one year from the consolidating statements of financial position date, are classified as current. Other recoverable costs are classified as non-current. Non-recoverable costs are expensed as incurred. At December 31, 2017 and 2016, projects under development consist of the following:

	<u>2017</u>	<u>2016</u>
Current:		
Condo Repurchase Program	\$ 2,061,004	\$ 1,611,360
Fifth Street Property	299,781	-
Total current	<u>2,360,785</u>	<u>1,611,360</u>
Long-term:		
JAS Consolidation	3,129,678	489,784
Condo Repurchase Program	455,932	159,460
Close Building	345,062	-
Squirrelwood	271,388	-
Other Projects	20,280	57,634
Rindge Tower Apartments	-	18,549,479
Total long-term	<u>4,222,340</u>	<u>19,256,357</u>
Total projects under development	<u>\$ 6,583,125</u>	<u>\$ 20,867,717</u>

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 6. PROJECTS UNDER DEVELOPMENT (Continued)

Management of JAS has capitalized the costs on page 27 related to various projects, some of which have uncertain financing, because they believe the costs are recoverable from the future development and/or sale of the project. There is a risk that if financing for specific projects is not obtained, sales proceeds are insufficient, or projects become unfeasible, that JAS will need to write-down the value of the affected assets in future consolidating financial statements.

The following projects were under development during the years ended December 31, 2017 and 2016:

#### **Condo Repurchase Program**

JAS and JAS Homeownership, in collaboration with the City, buy and sell deed-restricted condominium units located throughout Cambridge. These condominiums are deed-restricted to be purchased by low- to moderate-income residents. JAS and JAS Homeownership purchase condominium units, rehabilitate the units as deemed necessary, and sell the units to qualified residents. The City determines the sale price and reimburses JAS and JAS Homeownership for rehabilitation costs incurred. As of December 31, 2017, JAS and JAS Homeownership held twelve units totaling \$2,516,936. As of December 31, 2016, JAS and JAS Homeownership held thirteen units totaling \$1,770,820. These units are secured by debt held by the City (see Note 10).

In connection with the Condo Repurchase Program, JAS is entitled to receive a developer fee ranging between \$4,000 and \$10,000 for each condominium unit that is purchased and sold. For the years ended December 31, 2017 and 2016, JAS recognized developer fees under the Condo Repurchase Program totaling \$61,000 and \$62,000, respectively (see Note 3).

#### **Fifth Street Property**

During 2017, JAS received a donation of a house from an unaffiliated third-party (see Note 2). JAS entered into a loan agreement with the City (see Note 10) to rehabilitate the house. The project is expected to be completed in 2018. Upon completion of the project, the house will be sold to a qualified homebuyer.

#### **Rindge Tower Apartments**

Rindge Tower renovated its 273-unit property. At December 31, 2016, development costs of \$18,549,479 had been incurred and capitalized and are included in long-term portion of projects under development in the accompanying consolidating statement of financial position. During 2017, rehabilitation of the property was completed and the total amount of the improvements were transferred to property and equipment and placed in service.

#### **Close Building**

During 2017 and 2016, JAS incurred predevelopment costs for the refinance and renovation of the Close Building, a sixty-one-unit property. The property is currently owned by Close Building. The refinance and renovation will utilize 4% Low Income Housing Tax Credits and Tax Exempt Bond financing. Closing and construction start are anticipated in late spring 2018. At December 31, 2017, development costs of \$345,062 have been incurred and capitalized and are included in long-term portion of projects under development in the accompanying 2017 consolidating statement of financial position.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 6. PROJECTS UNDER DEVELOPMENT (Continued)

#### Squirrelwood

During 2017, JAS incurred predevelopment costs in connection with combining two existing JAS projects for the rehabilitation of sixty-five units and construction of twenty-three new units of affordable housing. The intent is to create economies of scale within the operation and management of the properties while leveraging available land for the creation of new units. The refinance will include 4% Low Income Housing Tax Credits, tax-exempt bond financing, and subordinate financing provided by City and Commonwealth of Massachusetts funds. Management expects to close on the financing and begin construction in early spring of 2019. All project-related costs have been capitalized. At December 31, 2017, development costs of \$271,388 have been incurred and capitalized and are included in long-term portion of the projects under development in the accompanying 2017 consolidating statement of financial position.

#### JAS Consolidation

During 2016, JAS incurred predevelopment costs in connection with a project to refinance and rehabilitate certain directly-owned properties and certain syndicated rental properties. The intent of the consolidation is to create an economy of scale for efficient financing of necessary rehabilitation work and to unify and simplify the management of debt, affordability restrictions, and tenant selection policies and practices of the portfolio. The refinance and rehabilitation will utilize 4% Low Income Housing Tax Credits and Tax Exempt Bond financing. Financing closing and construction began during 2017. All project-related costs have been capitalized. At December 31, 2017 and 2016, development costs of \$3,129,678 and \$489,784, respectively, have been incurred and capitalized and are included in long-term portion of projects under development in the accompanying consolidating statements of financial position. During 2017, this project was transferred to JAS Consolidated.

### 7. PROPERTY AND EQUIPMENT

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

	<b>2017</b>		
	<b>Operating</b>	<b>Rental Properties</b>	<b>Total</b>
Land	\$ 26,528	\$ 10,918,285	\$ 10,944,813
Buildings and improvements	1,810,380	94,738,255	96,548,635
Equipment and furniture	246,173	2,860,750	3,106,923
Vehicles	27,250	-	27,250
	<u>2,110,331</u>	<u>108,517,290</u>	<u>110,627,621</u>
Less - accumulated depreciation	<u>1,198,815</u>	<u>31,549,607</u>	<u>32,748,422</u>
	<u>\$ 911,516</u>	<u>\$ 76,967,683</u>	<u>\$ 77,879,199</u>



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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**7. PROPERTY AND EQUIPMENT (Continued)**

	<b>2016</b>		
	<b>Operating</b>	<b>Rental Properties</b>	<b>Total</b>
Land	\$ 26,528	\$ 10,991,485	\$ 11,018,013
Buildings and improvements	1,810,380	66,003,432	67,813,812
Equipment and furniture	215,675	2,180,587	2,396,262
Vehicles	27,250	-	27,250
	<u>2,079,833</u>	<u>79,175,504</u>	<u>81,255,337</u>
Less - accumulated depreciation	<u>1,071,192</u>	<u>29,165,092</u>	<u>30,236,284</u>
	<u>\$ 1,008,641</u>	<u>\$ 50,010,412</u>	<u>\$ 51,019,053</u>

Depreciation expense for the years ended December 31, 2017 and 2016, totaled \$2,512,139 and \$2,340,720, respectively, including \$21,592 in 2016, which is included in loss on discontinued operations for the year ended December 31, 2016.

**Property Held for Sale**

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

During 2017, Just-A-Start House was sold for approximately \$921,000 in cash, as well as an assumption of the deferred debt on the property, which was comprised of the \$550,000 note payable to CEDAC and the \$80,000 note payable to the City (see pages 33 and 34). Prior to the sale during 2017, the Agency incurred additional carrying and other costs related to the property, which are reflected as discontinued operations in the accompanying 2017 consolidating statement of activities.

**8. CAPITALIZED COSTS AND AMORTIZATION**

Capitalized costs consist of costs related to tax credit fees as well as debt issuance costs related to debt which has not been drawn as of December 31:

	<b>2017</b>	<b>2016</b>
Debt issuance costs	\$ 548,498	\$ -
Tax credit fees	<u>131,622</u>	<u>77,854</u>
	680,120	77,854
Less - accumulated amortization	<u>25,079</u>	<u>14,538</u>
Total capitalized costs, net	<u>\$ 655,041</u>	<u>\$ 63,316</u>

Amortization expense for the years ended December 31, 2017 and 2016, was \$10,541 and \$6,153, respectively. Amortization expense for the next five years is expected to be as follows:

2018	\$ 11,214
2019	\$ 11,214
2020	\$ 9,077
2021	\$ 7,555
2022	\$ 7,555

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 9. MANAGEMENT AGREEMENTS

JAS has agreements with two independent management companies to carry on the day-to-day operations of the rental properties. These management companies receive management fees ranging from 4% to 6% of total residential collections, as defined in the agreements. The agreements can be terminated by either party with ninety days written notice. JAS paid management fees totaling \$489,953 and \$486,463 for the years ended December 31, 2017 and 2016, respectively, which are reflected as management fees in the accompanying consolidating statements of functional expenses.

### 10. LONG-TERM DEBT

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

Operating	2017	2016
<b><i>Condo Repurchase Program</i></b>		
Non-interest bearing notes payable to the City. No payments are required until the sale of the mortgaged property (see Note 5) or until maturity. These notes mature at various dates through December 2019 and are secured by mortgages on the properties.	\$ 2,320,661	\$ 1,659,418
<b><i>Home Improvement Program</i></b>		
Revolving line of credit with CSB, which allows for borrowings up to \$1,000,000. Interest is payable monthly at a rate of 3%. The proceeds from the line of credit must be used to provide capital under JAS's HIP (see Note 5). Payments of principal are due upon the sale of the property securing the principal balance. All outstanding principal and interest are due at maturity in November 2021. The note is secured by the property under JAS's HIP program.	538,886	575,585
<b><i>Just-A-Start House</i></b>		
5.9% note payable to East Cambridge Savings Bank (ECSB) that was due in monthly installments of principal and interest of \$4,482 through June 2038. This note was secured by a first mortgage on Just-A-Start House (see Note 1). During 2017, this note was paid with proceeds from the sale of Just-A-Start House (see Note 7).	-	654,474
<b><i>Just-A-Start YouthBuild</i></b>		
4% note payable to Bridge Loan Trust that was due in monthly installments of principal and interest of \$4,242 through September 2022. This note was secured by a first mortgage on condominium unit number one at the Trembridge property. During 2017, the balance of this note was paid in full.	-	261,065

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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

Operating (Continued)	2017	2016
<b><i>Real Estate Development - JAS Consolidation</i></b>		
4.5% note payable to the Local Initiatives Support Corporation (LISC), which allowed for borrowings up to \$577,725. Interest was due and payable monthly through December 2017, and was secured by all related business assets. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	204,101
Total Operating	2,859,547	3,354,643
Total Rental Properties (see pages 40 - 45)	41,538,877	27,259,569
Less - eliminations	-	98,339
Total JAS and Affiliates	44,398,424	30,515,873
Less - current portion (net of debt issuance costs)	9,869,502	2,393,123
	<u>\$ 34,528,922</u>	<u>\$ 28,122,750</u>

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

	Operating	Rental	Total
2018	\$ 1,900,121	\$ 7,992,020	\$ 9,892,141
2019	\$ 420,540	\$ 6,745,584	\$ 7,166,124
2020	\$ -	\$ 1,218,009	\$ 1,218,009
2021	\$ 538,886	\$ 394,941	\$ 933,827
2022	\$ -	\$ 384,267	\$ 384,267

The above notes have certain financial and non-financial covenants with which JAS and Affiliates must comply. As of December 31, 2017 and 2016, JAS and Affiliates were in compliance with applicable debt covenants.

Debt issuance costs related to the various notes payable totaling \$1,209,047 and \$1,062,183 are shown net of accumulated imputed interest of \$323,599 and \$273,661 as of December 31, 2017 and 2016, respectively. Net debt issuance costs are reported in the consolidating statements of financial position as a direct reduction of the face amount of the related long-term debt (see Notes 2 and 21). Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed rate on the related loan.

During 2017, JAS entered into a loan agreement with the City to finance the rehabilitation of the Fifth Street Property (see Note 6). The loan is non-interest bearing and allows for borrowings up to \$360,000. The loan will be repaid at the earlier of the sale of the property or December 21, 2019. The total principal to be repaid to the City will equal any proceeds from the sale of the property in excess of \$215,000, with the remainder of the loan being forgiven at that time. The note is secured by a first mortgage on the property. No amounts have been drawn on this note as of December 31, 2017.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 11. CONTINGENT DEBT AND DEFERRED INTEREST

JAS and Affiliates have received contingent loans from various organizations to help in the development of its housing and other projects. These loans generally are not required to be repaid unless the project fails to maintain its status as low-income housing or JAS and Affiliates fail to comply with other conditions. It is the intention of the Board of Directors and the management of JAS and Affiliates to maintain these properties as low-income housing and to meet other conditions.

Certain contingent loans state that interest shall accrue from the date of disbursement through maturity, at which point the entire principal balance and accrued interest shall be forgiven provided the underlying property is maintained as affordable housing. For contingent notes where the accrued interest will be forgiven at maturity, no deferred interest has been recorded as management intends to maintain the properties as affordable housing, with the exception of the deferred interest on the contingent debt related to certain properties, which was recognized and transferred to JAS Consolidated Properties, LLC as part of the sale of those respective properties. As of December 31, 2017 and 2016, unrecorded deferred interest on forgivable contingent loans totaled approximately \$3,557,000 and \$6,336,000, respectively.

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

<b>Operating</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><i>Real Estate Development</i></b>		
8% note payable to the City. No payments are due provided the property is maintained as affordable housing. The note matures in April 2051, at which time the outstanding principal and accrued interest shall be forgiven. This note is secured by JAS's note receivable with Squirrel Brand (see Note 3).	<u>\$ 460,000</u>	<u>\$ 460,000</u>
<b><i>Just-A-Start House</i></b>		
Non-interest bearing note payable to CEDAC. Payments of principal were due to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. The note was set to mature in September 2038. This note was secured by a second priority mortgage on property located at 114 Temple Street in Somerville, Massachusetts (Just-A-Start House). During 2017, this note was assigned as partial consideration for Just-A-Start House (see Note 7).	-	550,000

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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

Operating (Continued)	2017	2016
<i>Just-A-Start House (Continued)</i>		
Non-interest bearing notes payable to the City of Somerville. No payments of principal were due provided the property was maintained as affordable housing. The note was set to mature in June 2018, at which time all principal was to be forgiven. This note was secured by a third priority mortgage on property located at 114 Temple Street in Somerville, Massachusetts. During 2017, this note was assigned as partial consideration for Just-A-Start House (see Note 7).	-	80,000
Total Just-A-Start House	-	630,000
Total Operating	460,000	1,090,000
Total Rental Properties (see pages 46 - 54)	37,440,413	27,326,291
Total contingent debt and deferred interest before eliminations	37,900,413	28,416,291
Less - eliminations	9,193,796	3,739,758
Total JAS and Affiliates	28,706,617	24,676,533
Less - current portion	359,422	-
	<u>\$ 28,347,195</u>	<u>\$ 24,676,533</u>

The notes above and on page 33 have certain financial and non-financial covenants with which JAS and Affiliates must comply. JAS and Affiliates were in compliance with these covenants as of December 31, 2017 and 2016.

### 12. COMMITMENTS AND CONTINGENCIES

#### General Partner and Sponsor Obligations

As discussed in Note 3, JAS has acted as sponsor and developer for various low-income and affordable housing developments. Most of these developments have received various forms of funding through JAS from Federal, state, and local sources. The terms of these funding agreements generally require that the projects maintain affordable housing and low-income eligibility status, as defined. If such status is not maintained, JAS may be obligated to remedy any defaults in the requirements and may be liable to repay certain amounts to the funders.

JAS, as the sponsor of various projects, has, in some cases, agreed to advance funds to the partnerships as a guarantor of the general partners' obligation to fund operating deficits, Housing Assistance Payment contract shortfalls, development cost overruns, payments for reduced tax benefits to limited partner investors, and other circumstances affecting the partnerships, as defined in the partnership agreements. As of the date of this report, JAS is not obligated for any specific amount.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 12. COMMITMENTS AND CONTINGENCIES (Continued)

#### Lease Commitments

JAS leases commercial space under a lease agreement that expires in February 2019. Monthly base rent under this lease was \$2,951 and \$2,865 for 2017 and 2016, respectively, and will escalate by approximately 3% each year.

JAS also leases program space under a lease agreement set to expire in April 2020, with an option to extend the term of the lease for an additional three-year period. Monthly base rent under this lease was \$6,329 and \$6,177 for 2017 and 2016, respectively, and will escalate by approximately 2.5% each year. JAS is responsible for its proportionate share of condominium fees and real estate taxes.

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

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

#### Other

During 2017, JAS was awarded \$125,000 of Community Investment Tax Credits (CITC) from DHCD to disburse to donors in exchange for donations. In addition, JAS carried over approximately \$23,200 of 2016 credits which were disbursed during 2017. The CITCs are provided to donors based upon 50% of eligible donations. JAS received approximately \$294,600 in eligible donations during 2017 and provided approximately \$147,300 in CITCs, leaving approximately \$900 of 2017 credits to be carried over to 2018. Subsequent to year-end, JAS was awarded \$125,000 in 2018 credits.

### 13. CONCENTRATION OF CREDIT RISK

JAS and Affiliates maintain their cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. JAS and Affiliates have not experienced any losses in such accounts. JAS and Affiliates believe they are not exposed to any significant credit risk on cash.

### 14. RETIREMENT PLAN

During 2016, JAS established a 401K retirement plan. All employees as of January 1, 2016, were immediately vested. New employees are subject to a six-month waiting period. JAS will contribute 3% of the employee's salary regardless of whether the employee contributes to the plan. JAS's contributions totaled \$79,186 and \$75,967 for the years ended December 31, 2017 and 2016, respectively, which are included in employee benefits in the accompanying consolidating statements of functional expenses.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 15. GAIN ON INVOLUNTARY CONVERSION

In December 2016, St. Patricks suffered significant damages from a fire which destroyed one building containing sixteen units and significantly damaged a second building. St. Patricks maintained replacement costs coverage under its insurance policy and is expected to recover all damages, net of its policy deductible of \$10,000. Based on the amounts estimated by the insurance carrier, as of December 31, 2017, St. Patricks has received a total of \$5,305,901, of which \$107,285 represents business interruption and other cost recoveries. St. Patricks and the insurance carrier are in the process of determining the full amount of the claim. The amounts are subject to change as the claims process continues and the parties negotiate the final amount of the claim.

As of December 31, 2016, St. Patricks had estimated that it would receive insurance proceeds of \$4,326,000, net of its deductible, related to the casualty loss, and \$100,000 for lost rents. The insurance carrier advanced \$500,000 to St. Patricks related to the claim in December 2016, which was received and deposited into accounts held by JAS, which is included in due from affiliates in accompanying 2016 consolidating statement of financial position. The balance of \$3,926,000 is included in accounts receivable - insurance proceeds in the accompanying 2016 consolidating statement of financial position.

During 2016, St. Patricks recognized a gain on involuntary conversion of \$3,726,528, which includes the write-off of the net book value of the property destroyed or damaged and immediate repairs of \$96,201. During 2017, an additional gain from the involuntary conversion of \$870,908 was recognized due to an upward revision of the insurance claim, which is net of additional costs incurred of \$78,569.

St. Patricks assigned its remaining rights under the claim to JAS. The total insurance proceeds of \$5,305,901 have been received by JAS and are reflected as a distribution of \$107,285, related to the business interruption insurance, and \$5,198,616 included in Syndication of JAS Consolidated, respectively, in the accompanying 2017 consolidating statement of changes in net assets (see Note 18).

The \$5,198,616, along with a grant \$30,000, totaling \$5,228,616, was then loaned to JAS Consolidated as a sponsor note. JAS fully reserved the balance of the loan, which is included in Syndication of JAS Consolidated in the accompanying 2017 consolidating statement of changes in net assets (see Note 18).

### 16. CONDITIONAL GRANTS

During 2017, JAS was awarded a \$200,000 grant, payable in equal installments over a two-year period. The first installment of the grant was received during 2017 and is included in grants and contributions in the accompanying 2017 consolidating statement of activities. The second installment is contingent upon certain outcomes as defined in the grant agreement and has not been recorded in the accompanying consolidating financial statements.

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

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### 17. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the consolidating statement of financial position date, comprise the following at December 31, 2017:

	<u>Operating</u>	<u>Rental Properties</u>
Cash and cash equivalents	\$ 2,769,776	\$ 3,102,484
Current portion of due from affiliates – developer fees	2,258,070	-
Accounts and grants receivable	1,289,310	-
Notes receivable	355,551	-
Rent receivable	-	201,722
	<u>\$ 6,672,707</u>	<u>\$ 3,304,206</u>

As of December 31, 2017, the Agency has operating financial assets equal to approximately fifteen months of operating expenses (excluding non-cash expenses) and the rental properties have operating financial assets equal to approximately five months of operating expenses (excluding non-cash expenses). The Agency has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses including real estate development activities and lending commitments. The goal also applies to the normal operating expenses and capital expenditures of the Agency's Rental Properties. As part of its liquidity management, the Agency invests cash in excess of daily requirements in various short-term investments, including certificates of deposits and short-term treasury instruments.

### 18. SYNDICATION OF JAS CONSOLIDATED

JAS Consolidated entered into an agreement to purchase real estate, personal property and certain assets from JAS, St. Patricks, Churchill Court, and Putnam Place (collectively, the Sellers), in exchange for a purchase price of \$17,600,000, plus additional payments for the acquisition of the Sellers' reserves of \$450,000. In conjunction with the sale agreement, the Sellers assigned, and JAS Consolidated assumed, all of its rights, title and interest in and to all contracts related to the use and operations of the property. In conjunction with the sale agreement, JAS Consolidated assumed the outstanding principal balance plus accrued and unpaid interest thereon of certain existing DHCD loans and City of Cambridge loans in the aggregate amounts of \$1,749,774 and \$8,139,338, respectively (see page 38).



## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

### 18. SYNDICATION OF JAS CONSOLIDATED (Continued)

A summary of the acquisition is as follows:

#### Purchase Price

Cash paid	\$ 3,025,545
Cash paid for acquired reserves	450,000
DHCD assumed debt (see page 37)	1,749,774
City of Cambridge assumed debt (see page 37)	8,139,338
Seller note (see below and Note 3)	<u>4,685,343</u>
Contractual purchase price	<u>\$ 18,050,000</u>
Contractual purchase price	\$ 18,050,000
Transaction costs (see below table)	354,147
Cash received - acquired reserves	<u>(450,000)</u>
	17,954,147
Adjustment to reduce purchase price to carryover basis	<u>(12,508,977)</u>
Carryover basis	<u>\$ 5,445,170</u>

#### Carryover Basis of Assets Acquired

Land	\$ 836,750
Building and improvements	12,566,960
Equipment and furniture	<u>343,414</u>
	13,747,124
Less - accumulated depreciation	<u>(8,301,954)</u>
Total carryover basis	<u>\$ 5,445,170</u>

The sponsor note from JAS was funded and placed into a construction escrow held by JAS totaling \$4,622,435, which is included in restricted deposits (see Note 4). This amount is also included in due from (to) affiliates in the accompanying 2017 consolidating statement of financial position.

The total assumed City of Cambridge loans of \$8,139,338 represent the outstanding principal balance of \$4,030,883 and accrued interest of \$4,108,455. These contingent City of Cambridge loans were initially expected to be forgiven along with any accrued interest upon maturity, provided the underlying property is maintained as affordable housing. Accordingly, no deferred interest had been recorded on these loans as management intended to maintain the properties as affordable housing. During 2017, the entire accrued interest balance of \$4,030,883 was recorded and is shown as a component of Syndication of JAS Consolidated in the accompanying 2017 consolidating statement of changes in net assets (see below).

Syndication of JAS Consolidated consists of the following:

	JAS Operating	St Patricks	Putnam Place	Churchill Court	JAS Consolidated	JAS Properties	Eliminations	Total
Excess of purchase price over carryover basis	\$ -	\$ 3,454,624	\$ 940,736	\$ 346,655	\$ (12,508,977)	\$ 7,412,815	\$ -	\$ (354,147)
Seller note	-	(1,826,649)	-	(900,000)	4,685,343	(1,958,694)	-	-
Distribution - insurance	5,198,616	(5,198,616)	-	-	-	-	-	-
Reserve on sponsor note	(5,228,616)	-	-	-	-	-	5,228,616	-
Interest on City notes	-	-	-	-	-	(4,040,883)	-	(4,040,883)
Transfers	-	(700,554)	(1,183,735)	672,382	-	1,211,907	-	-
	<u>\$ (30,000)</u>	<u>\$ (4,271,195)</u>	<u>\$ (242,999)</u>	<u>\$ 119,037</u>	<u>\$ (7,823,634)</u>	<u>\$ 2,625,145</u>	<u>\$ 5,228,616</u>	<u>\$ (4,395,030)</u>

## JUST-A-START CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
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### 19. SUBSEQUENT EVENT

Subsequent to year-end, The Close Building LLC entered into the following long-term debt commitments with MassHousing to finance the acquisition of the Close Building (see page 19):

- \$9,300,000 tax-exempt construction/permanent loan, which bears interest at the thirty-year Municipal Market Data (MMD) AAA rate plus 175 basis points. Payments of interest only will be due during the construction period after which monthly payments of principal and interest will be due through maturity, forty years after the commencement of amortization.
- \$6,500,000 tax-exempt bridge loan, which bears interest at the two-year MMD AAA rate plus 150 basis points. Payments of interest only will be due on this note with all outstanding principal due at maturity.
- \$2,500,000 taxable bridge loan, which bears interest at the two-year Treasury rate plus 200 basis points. Payments of interest only will be due on this note, with all outstanding principal due at maturity.

### 20. RECLASSIFICATIONS

Certain amounts in the December 31, 2016 consolidating financial statements have been reclassified to conform to the December 31, 2017 consolidating presentation.

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

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**21. LONG-TERM DEBT - Rental Properties**

Lender	Interest Rate	Security	Payment Terms	2017	2016
				Outstanding Principal	Outstanding Principal
JAS Properties					
Webster/Bristol Street					
ESCB	6.50%	First mortgage on the building and an assignment of rents and leases.	The note was due in monthly principal and interest installments of \$1,373, through maturity in August 2027. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	\$ -	\$ 126,505
ESCB	6.50%	First mortgage on the building and an assignment of rents and leases.	The note was due in monthly principal and interest installments of \$1,326, through maturity in October 2026. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	115,412
				-	241,917
Norfolk Street					
CSB	7.50%	First mortgage on the property and an assignment of rents and leases.	The note was due in monthly principal and interest installments of \$3,811, through maturity in May 2019. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	392,021
Berkshire Street					
Cambridge Trust Company	7.50%	First mortgage on the property and an assignment of rents and leases.	The note was due in monthly principal and interest installments of \$869, through maturity in August 2028. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	75,726
Otis Street					
ESCB	6.50%	First mortgage on the property and an assignment of rents and leases.	The note was due in monthly principal and interest installments of \$3,276, through maturity in March 2029. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	331,418

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Notes to Consolidating Financial Statements  
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**21. LONG-TERM DEBT - Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	2017	2016
				Outstanding Principal	Outstanding Principal
JAS Properties (Continued)					
Cardinal Mederios					
CSB	8.75%	First mortgage on the property and an assignment of rents and leases.	The note was due in monthly principal and interest installments of \$881, through maturity in October 2027. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	78,358
Elm Street					
Cambridge Trust Company	7.50%	First mortgage on the property and an assignment of rents and leases.	The note was due in monthly principal and interest installments of \$2,164, through maturity in December 2022. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	113,623
Hovey Street					
MHP	6.74%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$6,222, through maturity in February 2020.	74,565	141,730
Trembridge					
ESCB	7.50%	Shared first mortgage interest in condominium unit number two.	The note was due in monthly principal and interest installments of \$1,620, through maturity in July 2032. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	178,342
LISC	3.50%	Shared first mortgage interest in condominium unit number two.	The note was due in monthly principal and interest installments of \$2,023, through maturity in August 2023. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	144,201
Massachusetts Institute of Technology	3.00%	Shared first mortgage interest in condominium unit number two.	The note was due in monthly principal and interest installments of \$1,775, through maturity in June 2022. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	125,625
				-	448,168

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Notes to Consolidating Financial Statements  
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**21. LONG-TERM DEBT - Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	2017	2016
				Outstanding Principal	Outstanding Principal
JAS Properties (Continued)					
Scouting Way					
CSB	6.20%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$6,960, through maturity in April 2019. A balloon payment of approximately \$690,000 is due at maturity.	741,000	776,724
CAHT	2.00%	Second mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$3,335, through maturity in June 2021.	141,373	178,166
				882,373	954,890
Total JAS Properties				956,938	2,777,851
St. Patricks Place Limited Partnership					
ECSB	6.50%	First mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	This note was due in monthly principal and interest installments of \$10,438 through October 28, 2024. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	767,294
Putnam Place Limited Partnership					
ECSB	8.50%	First mortgage on the property and an assignment of rents and leases.	This note was due in monthly principal and interest installments of \$4,370, through May 2019. The note was subject to a prepayment penalty of 1% of the prepayment amount, as defined in the agreement. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	280,448
JAS	5.53%	Third mortgage on the property and an assignment of rents and leases.	Monthly payments of principal and interest were due from and to the extent of available cash, as defined. This loan matured in March 2009. During 2017, this note was paid with proceeds from the sale of the property to JAS Consolidated.	-	98,339
CAHT	1%, simple	Second mortgage on the property and an assignment of rents and leases.	Payments of principal and interest of \$5,177 were due annually, with the remaining principal balance and accrued interest due at maturity in June 2023. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	96,633
				-	475,420

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

Notes to Consolidating Financial Statements  
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**21. LONG-TERM DEBT - Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	2017	2016
				Outstanding Principal	Outstanding Principal
Churchill Court Limited Partnership					
CSB	7.50%	First mortgage on the property and an assignment of rents and leases.	Payments were due in monthly principal and interest installments of \$3,846, through maturity in April 2017. In March 2017, the maturity date was extended to April 13, 2019. In December 2017, the note was paid with advances to Churchill Court made by JAS.	-	402,205
Squirrel Brand Limited Partnership					
CSB	7.25%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$6,651, through maturity in May 2018. Subsequent to year end, the maturity date of this note was extended to May 24, 2020. A balloon payment of approximately \$818,000 is due at maturity.	861,597	877,434
Elm Place/JAS Limited Partnership					
CSB	5.82%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$5,761, through maturity in December 2027. A balloon payment of \$680,561 is due at maturity.	898,626	914,224
CEDAC	0%	Shared second mortgage on the property and an assignment of rents and leases.	Payments of principal are due annually to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. Outstanding principal is due in June 2041 and may be extended for additional ten year periods at the discretion of CEDAC.	525,000	525,000
				1,423,626	1,439,224
Bishop Allen Apartments LLC					
Boston Private Bank and Trust Company	3.76%	First mortgage on the property and an assignment of rents and leases.	Interest-only payments are due monthly through the repayment date, as defined in the agreement. Commencing on the Repayment Date, principal and interest installments of \$21,791 are due monthly through maturity on June 30, 2034. A balloon payment of approximately \$2,452,500 is due at maturity.	4,495,384	4,583,711

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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**21. LONG-TERM DEBT - Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	2017	2016
				Outstanding Principal	Outstanding Principal
Wellington-Harrington Development Corporation					
MassHousing	6.96%, plus 0.50% override	Shared first mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$4,474, which is net of monthly interest subsidy of \$4,891. The note matures on March 1, 2018.	24,619	121,496
The City	2.50%	Shared second mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$1,036, through maturity in February 2016. On December 20, 2016, the City extended the maturity to October 1, 2018. Subsequent to year end, the City extended the maturity to October 1, 2020.	60,934	71,366
MassHousing	7.5%, plus 0.50% override	Shared first mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$2,299, through maturity in February 2018.	4,053	28,091
				89,606	220,953
Next Step Housing Corporation					
Winter Hill Bank	4.75%	First mortgage on the property and an assignment of rents and leases.	Due in monthly principal and interest installments of \$2,165, through maturity on September 1, 2035.	311,148	322,049
Somerville Affordable Housing Trust	2.50%	Second mortgage on the property and an assignment of rents and leases.	The loan is being repaid over a twenty-year term in annual installments of \$6,415. The loan matures on October 1, 2025.	40,729	55,265
				351,877	377,314
Rindge Tower Apartments LLC					
MassHousing	4.25%	First mortgage on the property and an assignment of rents and leases.	Interest-only payments are due monthly through the amortization commencement date, estimated at July 1, 2018. After this time, principal and interest installments of approximately \$91,500 will be due monthly. The note matures on July 1, 2058.	21,100,000	8,626,685
MassHousing	2.50%	Second mortgage on the property and an assignment of rents and leases.	Bridge note payable with interest-only payments due monthly through maturity on February 28, 2018, at which time the unpaid principal and accrued interest were paid with proceeds from the investor members capital contribution received in 2018.	7,500,000	7,500,000
				28,600,000	16,126,685

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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**21. LONG-TERM DEBT - Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	2017	2016
				Outstanding Principal	Outstanding Principal
JAS Consolidated Properties LLC					
JPMorgan Chase Bank	Variable (3.625% at December 31, 2017)	Shared first mortgage on the property and an assignment of rents and leases.	Construction loan allows for borrowings up to \$22,600,000. Interest-only payments are due monthly through the maturity date on August 28, 2019, at which time the note may be extended for two six-month periods. This note is expected to be repaid with proceeds from the permanent loan.	3,510,047	-
BFIM	0%	Third mortgage on the property and an assignment of rents and leases.	All outstanding principal due at maturity, which is the earlier of 1) payment date of the first installment of capital contributions from BFIM or 2) August 28, 2019, which may be extended for two three-month periods.	2,135,250	-
MassHousing	4.67%	Shared first mortgage on the property, a conditional assignment of tax credits and a conditional pledge of capital contributions.	Allows for borrowings up to \$10,100,000. Interest-only payments will be due through the amortization commencement date. Monthly installments of principal and interest will be due through the maturity date, which will be forty years from the amortization commencement date.	-	-
MassHousing	2.89%	Shared first mortgage on the property, a conditional assignment of tax credits and a conditional pledge of capital contributions.	Bridge loan allows for borrowings up to \$12,500,000. Interest-only payments are due monthly through the maturity date on August 28, 2019, at which time all outstanding principal and accrued interest are due and payable.	-	-
				5,645,297	-
Total long-term debt - Rental Properties				42,424,325	28,048,091
Less - debt issuance costs				(885,448)	(788,522)
Total long-term debt - Rental Properties, net (see Note 10)				\$ 41,538,877	\$ 27,259,569



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Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties**

				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
JAS Properties							
Webster/Bristol Street							
The City	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in May 2046, at which time the outstanding principal balance was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	\$ -	\$ -	\$ 450,000	\$ -
The City	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in July 2047, at which time the outstanding principal balance was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	266,200	-
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal was set to mature in December 2026. The maturity date may be extended for an additional ten years with the approval from DHCD. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	210,000	-
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal was set to mature in July 2037. The maturity date may be extended for an additional ten years with the approval from the Massachusetts Executive Office of Community Development. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	90,000	-
				-	-	1,016,200	-
Norfolk Street							
CAHT	0.00%	Third mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in June 2049, at which time the outstanding principal balance was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	525,000	-

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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
JAS Properties (Continued)							
Norfolk Street (Continued)							
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in June 2039, at which time the outstanding principal balance was to be due and payable. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	240,000	-
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property is maintained as affordable housing. The note was set to mature in June 2049, at which time the outstanding principal balance was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	105,000	-
				-	-	870,000	-
Berkshire Street							
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in February 2048, at which time the outstanding principal balance and accrued interest was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	345,995	-
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal was set to mature in February 2028. The maturity date may be extended for an additional ten years with the approval from DHCD. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	46,000	-
				-	-	391,995	-
Otis Street							
The City	8%, simple	Shared third mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in February 2049, at which time the outstanding principal balance and accrued interest was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	420,000	-

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Notes to Consolidating Financial Statements  
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**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	2017		2016	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
JAS Properties (Continued)							
Otis Street (Continued)							
CAHT	8%, simple	Second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in February 2049, at which time the outstanding principal balance and accrued interest was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	280,000	-
The City	0.00%	Shared third mortgage on the property and an assignment of rents and leases.	All outstanding principal was set to mature in February 2039. The maturity date may be extended for an additional ten years with the approval from DHCD. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	180,000	-
				-	-	880,000	-
Cardinal Mederios							
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in October 2047, at which time the outstanding principal balance and accrued interest was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	374,500	-
The City	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal was due in October 2027. The maturity date may be extended for an additional ten years with the approval from DHCD. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	94,000	144,158
				-	-	468,500	144,158

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Notes to Consolidating Financial Statements  
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**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
JAS Properties (Continued)							
Elm Street							
The City	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in June 2048, at which time the outstanding principal balance and accrued interest was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	158,556	-
The City	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal was set to mature in June 2038. The maturity date may be extended for an additional ten years with the approval from DHCD. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	150,000	-
				-	-	308,556	-
Hovey Street							
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in February 2050, at which time the outstanding principal balance and accrued interest shall be forgiven.	1,129,200	-	1,129,200	-
The City	0.00%	Third mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in February 2050, at which time the outstanding principal balance shall be forgiven.	250,000	-	250,000	-
MHP	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal is due at maturity in February 2020.	250,000	-	250,000	-
				1,629,200	-	1,629,200	-

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**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
JAS Properties (Continued)							
Trembridge							
DHCD	0.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal was set to mature in June 2032. The maturity date may be extended for an additional thirty years with the approval from DHCD. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	320,000	-
CAHT	8%, simple	Second mortgage on condominium unit number two and an assignment of rents and leases.	No payments were due provided the property was maintained as affordable housing. The note was set to mature in June 2052, at which time the outstanding principal balance and accrued interest was to be forgiven. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	319,000	-
				-	-	639,000	-
Scouting Way							
The City	8%, simple	Shared third mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in March 2054, at which time the outstanding principal balance and accrued interest shall be forgiven.	650,000	-	650,000	-
MHP	0.00%	Shared third mortgage on the property and an assignment of rents and leases.	All outstanding principal is due in April 2054. The maturity date may be extended for an additional fifty years with the approval from MHP.	550,000	-	550,000	-
CAHT	8%, simple	Shared third mortgage on the property and an assignment of rents and leases.	No payments are due provided the property is maintained as affordable housing. The note matures in May 2055, at which time the outstanding principal balance and accrued interest shall be forgiven.	540,000	-	540,000	-
DHCD	0.00%	Shared third mortgage on the property and an assignment of rents and leases.	All outstanding principal is due at maturity in March 2034.	400,000	-	400,000	-
				2,140,000	-	2,140,000	-
Total JAS Properties				3,769,200	-	8,343,451	144,158

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Notes to Consolidating Financial Statements  
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**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

Lender	Interest Rate	Security	Payment Terms	2017		2016	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
St. Patricks Place Limited Partnership							
CAHT	3.00%	Third mortgage on the property and an assignment of rents and leases.	No payments were due until maturity provided the property is maintained as affordable housing. The note was set to mature on September 30, 2054, at which time the entire principal and all accrued interest was due and payable. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	125,000	137,454
The City	3%, simple	Second mortgage on the property and an assignment of rents and leases.	No payments were due until maturity provided the property was maintained as affordable housing. The note was set to mature on September 30, 2054, at which time the entire principal and all accrued interest was payable. During 2017, this note was assigned to JAS Consolidated as partial consideration for the property.	-	-	125,000	94,622
				-	-	250,000	232,076
Putnam Place Limited Partnership							
Putnam/JAS, Inc.	8%, simple	Note payable to the General Partner for development cost overruns.	Monthly payments of principal and interest were due from and to the extent of available cash, as defined. Outstanding principal and accrued interest were due from net proceeds of sale of all or substantially all of the assets of the partnership. During 2017, this note was paid off as part of the sale of the property to JAS Consolidated.	-	-	23,973	19,787
Churchill Court Limited Partnership							
DHCD	6.00%	Second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest were set to mature in April 2029. During 2017, a payment of \$113,456 was made and applied to accrued interest, and the remaining principal and accrued interest, totaling \$859,744, was assigned to JAS Consolidated as partial consideration for the property.	-	-	330,000	596,886

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**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Squirrel Brand Limited Partnership							
JAS	8.5%, compounded quarterly	Mortgage interest in the real estate of the partnership.	All outstanding principal and accrued interest are due at maturity in May 2021.	660,000	1,983,994	660,000	1,770,705
DHCD	6.00%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due in May 2031. The maturity date may be extended for an additional thirty years with the approval from CEDAC.	440,000	718,361	440,000	652,794
				1,100,000	2,702,355	1,100,000	2,423,499
Elm Place/JAS Limited Partnership							
CAHT	2.25%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in July 2061.	994,872	388,067	994,872	362,131
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in June 2041. The maturity date may be extended for an additional thirty-one years with the approval of DHCD.	905,828	-	905,828	-
CAHT	2.25%	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in July 2061.	757,572	141,869	757,572	122,077
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in June 2061. The maturity date may be extended for an additional fifty-one years with the approval of DHCD.	393,019	-	393,019	-
				3,051,291	529,936	3,051,291	484,208
Bishop Allen Apartments LLC							
CAHT	2.61%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in June 2065.	4,244,501	407,184	4,244,501	287,910
JAS	3.14%, simple	Shared third mortgage on the property and an assignment of rents and leases.	Due in annual installments of principal and interest of \$80,605 subject to available cash flow, as defined in the agreement. Outstanding principal and accrued interest are due at maturity in June 2054.	1,083,000	69,317	1,083,000	35,310

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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Bishop Allen Apartments LLC (Continued)							
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in March 2055. The maturity date may be extended for an additional forty years with the approval of MHP.	1,000,000	-	1,000,000	
DHCD	0%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal is due at maturity in March 2045. The maturity date may be extended for an additional thirty years with the approval of DHCD.	1,000,000	-	1,000,000	-
The City	3.14%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in June 2065.	535,000	56,887	535,000	38,625
CAHT	3.14%	Shared second mortgage on the property and an assignment of rents and leases.	Outstanding principal and accrued interest are due at maturity in June 2065.	265,866	31,203	265,866	22,159
JAS	3.14%, simple	Shared third mortgage on the property and an assignment of rents and leases.	Due in annual installments of principal and interest of \$11,486 subject to available cash flow, as defined in the agreement. Outstanding principal and accrued interest are due at maturity in June 2054.	140,000	11,440	140,000	6,983
				8,268,367	576,031	8,268,367	390,987
Wellington-Harrington Development Corporation							
CAHT	8%, simple	Shared second mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in April 2057.	329,000	234,749	329,000	208,429
MassHousing	0.00%	Unsecured.	All outstanding principal shall be payable in full upon the first of the following to occur: (i) any prepayment in full of all amounts due under the MassHousing note and mortgage; (ii) upon any sale or refinancing of the property; (iii) upon maturity of the MassHousing note. Subsequent to year end this agreement was modified (i) to include the obligations under the grant agreements, (ii) to terminate certain affordability restrictions related to the 45 units previously subject to such restrictions, and (iii) to extend the expiration date of the mortgage to March 1, 2020. All other terms of the grant agreements and mortgages were unchanged.	359,422	-	342,307	-
				688,422	234,749	671,307	208,429



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

Notes to Consolidating Financial Statements  
December 31, 2017 and 2016

**22. CONTINGENT DEBT AND DEFERRED INTEREST - Rental Properties (Continued)**

				2017		2016	
Lender	Interest Rate	Security	Payment Terms	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Next Step Housing Corporation							
CEDAC	0.00%	Third mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	Annual payments are required to the extent that gross cash receipts exceeds 105% of gross cash expenditures. In any event, the unpaid principal is due in full on May 12, 2034.	562,873	-	562,873	-
Federal Home Loan Bank/Winter Hill Bank	0.00%	Fourth mortgage, secured by the real estate and related personal property and an assignment of rents and leases.	No payments are due provided six rental units are maintained as affordable housing. This note matures in November 2018, at which time the outstanding principal balance shall be forgiven.	224,999	-	224,999	-
				787,872	-	787,872	-
Rindge Tower Apartments LLC							
MassHousing	2.61%	Third mortgage on the property and an assignment of rents and leases.	Allows for borrowings up to \$1,505,971. Outstanding principal and accrued interest are due at maturity on July 1, 2058. No amount was drawn on this loan as of December 31, 2016.	13,011	-	-	-
JAS Consolidated Properties LLC							
DHCD	2.60%	Shared second mortgage on the property and an assignment of rents and leases.	Five notes payable to DHCD with original combined outstanding principal of \$1,749,774. All outstanding principal and accrued interest are due at maturity in December 2059.	1,749,774	7,582	-	-
The City	2.50%	Shared second mortgage on the property and an assignment of rents and leases.	Three notes payable to the City with original combined outstanding principal of \$8,139,338. All outstanding principal and accrued interest are due at maturity in November 2067.	8,139,338	35,270	-	-
JAS	4.00%	Fifth mortgage on the property and an assignment of rents and leases.	Annual payments of principal and interest are due from and to the extent of available cash, as defined in the operating agreement. This loan matures in December, 2067, at which time all outstanding principal and accrued interest is due and payable.	5,228,616	17,429	-	-
Cambridge Redevelopment Authority	2.60%	Sixth mortgage on the property and an assignment of rents and leases.	All outstanding principal and accrued interest are due at maturity in December 2059.	540,000	1,170	-	-
				15,657,728	61,451	-	-
Total contingent debt and accrued interest - Rental Properties				\$ 33,335,891	\$ 4,104,522	\$ 22,826,261	\$ 4,500,030

Supplementary Consolidating Statement of Financial Position - Rental Properties  
December 31, 2017  
(With Summarized Comparative Totals as of December 31, 2016)

	2017												2016	
	St. Patricks Place LP	Putnam Place LP	Churchill Court LP	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates	Wellington- Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments	JAS Consolidated LLC	JAS Properties	Total	Total
Assets														
Current Assets:														
Cash and cash equivalents - operating	\$ 19,336	\$ 8,542	\$ 26,117	\$ 85,999	\$ 146,691	\$ 296,518	\$ 116,960	\$ 229,571	\$ 16,083	\$ 1,859,941	\$ 78,372	\$ 218,354	\$ 3,102,484	\$ 1,916,399
Rent receivable	4,806	12,455	971	6,298	3,539	11,000	11,975	7,284	46	111,177	16,813	15,358	201,722	88,550
Escrows	-	-	-	-	-	-	65,248	36,573	-	131,163	-	18,956	251,940	199,556
Current portion of due from affiliates	-	5,220	-	-	-	-	-	-	-	-	188,494	429,910	623,624	
Prepaid expenses and other	6,186	217	5,748	3,547	4,218	7,378	12,279	9,080	-	4,716	22,292	5,902	81,563	100,367
Total current assets	30,328	26,434	32,836	95,844	154,448	314,896	206,462	282,508	16,129	2,106,997	305,971	688,480	4,261,333	2,304,872
Other Assets:														
Restricted deposits	-	1,895	-	135,019	232,667	503,694	91,643	359,687	80,364	639,198	-	204,068	2,248,235	3,243,472
Accounts receivable - insurance proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	3,926,000
Due from affiliates, net of current portion	-	-	-	-	-	-	-	-	-	-	4,622,435	-	4,622,435	500,000
Projects under development	-	-	-	-	-	-	-	-	-	-	3,129,678	-	3,129,678	18,549,479
Capitalized costs, net	-	-	-	-	17,961	17,052	-	-	-	61,435	558,593	-	655,041	63,316
Total other assets	-	1,895	-	135,019	250,628	520,746	91,643	359,687	80,364	700,633	8,310,706	204,068	10,655,389	26,282,267
Property and Equipment, net	-	-	-	2,246,270	5,830,894	14,938,350	598,899	645,236	1,045,608	42,698,829	5,409,956	3,553,641	76,967,683	50,010,412
Total assets	\$ 30,328	\$ 28,329	\$ 32,836	\$ 2,477,133	\$ 6,235,970	\$ 15,773,992	\$ 897,004	\$ 1,287,431	\$ 1,142,101	\$ 45,506,459	\$ 14,026,633	\$ 4,446,189	\$ 91,884,405	\$ 78,597,551
Liabilities and Net Assets														
Current Liabilities:														
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ 17,046	\$ 44,431	\$ 91,432	\$ -	\$ 81,540	\$ 16,814	\$ 7,569,846	\$ -	\$ 148,272	\$ 7,969,381	\$ 655,540
Current portion of contingent debt	-	-	-	-	-	-	-	359,422	-	-	-	-	359,422	-
Current portion of accounts payable, accrued expenses and other	1,306	3,053	2,292	51,986	47,797	76,518	161,223	97,456	9,287	544,789	464,493	79,831	1,540,031	1,713,624
Current portion of due to affiliates	97,558	10,439	62,896	61,232	18,275	127,789	-	-	-	2,142,870	-	135,689	2,656,748	1,281,282
Total current liabilities	98,864	13,492	65,188	130,264	110,503	295,739	161,223	538,418	26,101	10,257,505	464,493	363,792	12,525,582	3,650,446
Long-term Liabilities:														
Accounts payable, accrued expenses and other, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	2,414,985
Long-term debt, net	-	-	-	840,375	1,344,595	4,295,474	-	-	335,063	20,517,233	5,428,090	808,666	33,569,496	26,604,029
Due to affiliates, net of current portion	-	-	-	524,823	-	256,576	-	(10,568)	-	-	326,832	-	1,097,663	1,033,915
Total long-term liabilities	-	-	-	1,365,198	1,344,595	4,552,050	-	(10,568)	335,063	20,517,233	5,754,922	808,666	34,667,159	30,052,929
Contingent Debt and Deferred Interest, net of current portion	-	-	-	3,802,355	3,581,227	8,844,398	-	563,749	787,872	13,011	15,719,179	3,769,200	37,080,991	27,326,291
Total liabilities	98,864	13,492	65,188	5,297,817	5,036,325	13,692,187	161,223	1,091,599	1,149,036	30,787,749	21,938,594	4,941,658	84,273,732	61,029,666
Net Assets:														
Without donor restrictions:														
Operating	(68,536)	14,837	(32,352)	(85,750)	250,540	538,320	136,882	195,620	6,842	1,970,510	164,377	525,491	3,616,781	1,986,914
Property and equipment	-	-	-	(2,734,934)	949,105	1,543,485	598,899	212	(13,777)	12,748,200	(8,076,338)	(1,020,960)	3,993,892	15,580,971
Total net assets without donor restrictions	(68,536)	14,837	(32,352)	(2,820,684)	1,199,645	2,081,805	735,781	195,832	(6,935)	14,718,710	(7,911,961)	(495,469)	7,610,673	17,567,885
Total liabilities and net assets	\$ 30,328	\$ 28,329	\$ 32,836	\$ 2,477,133	\$ 6,235,970	\$ 15,773,992	\$ 897,004	\$ 1,287,431	\$ 1,142,101	\$ 45,506,459	\$ 14,026,633	\$ 4,446,189	\$ 91,884,405	\$ 78,597,551

Supplementary Consolidating Statement of Financial Position - Rental Properties  
December 31, 2016

Assets	St. Patricks Place LP	Putnam Place LP	Churchill Court LP	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates	Wellington- Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments	JAS Properties	Total
Current Assets:												
Cash and cash equivalents - operating	\$ 69,937	\$ 55,266	\$ 41,621	\$ 54,939	\$ 127,539	\$ 292,713	\$ 59,934	\$ 119,787	\$ 20,953	\$ 587,434	\$ 486,276	\$ 1,916,399
Rent receivable	8,178	5,234	2,498	1,476	5,985	10,480	7,739	8,196	310	28,912	9,542	88,550
Escrows	-	3,614	-	-	-	-	64,971	40,185	-	65,319	25,467	199,556
Prepaid expenses and other	5,509	1,891	2,888	3,263	4,216	6,043	10,550	47,329	-	1,903	16,775	100,367
Total current assets	83,624	66,005	47,007	59,678	137,740	309,236	143,194	215,497	21,263	683,568	538,060	2,304,872
Other Assets:												
Restricted deposits	206,049	137,922	182,065	116,498	204,472	483,599	459,464	290,089	70,352	636,052	456,910	3,243,472
Accounts receivable - insurance proceeds	3,926,000	-	-	-	-	-	-	-	-	-	-	3,926,000
Due from affiliates	500,000	-	-	-	-	-	-	-	-	-	-	500,000
Projects under development	-	-	-	-	-	-	-	-	-	18,549,479	-	18,549,479
Capitalized costs, net	-	-	-	-	22,693	18,473	-	-	-	22,150	-	63,316
Total other assets	4,632,049	137,922	182,065	116,498	227,165	502,072	459,464	290,089	70,352	19,207,681	456,910	26,282,267
Property and Equipment, net	296,902	744,722	1,138,030	2,407,637	5,989,980	15,254,079	645,079	610,522	1,082,955	14,431,032	7,409,474	50,010,412
Total assets	\$ 5,012,575	\$ 948,649	\$ 1,367,102	\$ 2,583,813	\$ 6,354,885	\$ 16,065,387	\$ 1,247,737	\$ 1,116,108	\$ 1,174,570	\$ 34,322,281	\$ 8,404,444	\$ 78,597,551
Liabilities and Net Assets												
Current Liabilities:												
Current portion of long-term debt	\$ 77,669	\$ 30,679	\$ 16,548	\$ 15,842	\$ 15,594	\$ 88,017	\$ -	\$ 131,694	\$ 16,154	\$ -	\$ 263,343	\$ 655,540
Current portion of accounts payable, accrued expenses and other	254,420	39,628	26,920	57,431	46,413	57,038	594,954	105,097	16,907	362,518	152,298	1,713,624
Current portion of due to affiliates	16,825	107,414	21,426	19,559	12,790	160,222	-	-	-	932,046	11,000	1,281,282
Total current liabilities	348,914	177,721	64,894	92,832	74,797	305,277	594,954	236,791	33,061	1,294,564	426,641	3,650,446
Long-term Liabilities:												
Accounts payable, accrued expenses and other, net of current portion	-	-	-	-	-	-	-	-	-	2,414,985	-	2,414,985
Long-term debt, net	682,679	444,741	385,657	854,287	1,385,389	4,381,119	-	80,461	361,160	15,514,028	2,514,508	26,604,029
Due to affiliates, net of current portion	-	42,000	65,574	567,325	-	359,016	-	-	-	-	-	1,033,915
Total long-term liabilities	682,679	486,741	451,231	1,421,612	1,385,389	4,740,135	-	80,461	361,160	17,929,013	2,514,508	30,052,929
Contingent Debt and Deferred Interest	482,076	43,760	926,886	3,523,499	3,535,499	8,659,354	-	879,736	787,872	-	8,487,609	27,326,291
Total liabilities	1,513,669	708,222	1,443,011	5,037,943	4,995,685	13,704,766	594,954	1,196,988	1,182,093	19,223,577	11,428,758	61,029,666
Net Assets:												
Without donor restrictions:												
Operating	56,596	(30,989)	43,175	(133,680)	220,854	552,039	7,704	110,400	4,356	729,271	427,188	1,986,914
Property and equipment	3,442,310	271,416	(119,084)	(2,320,450)	1,138,346	1,808,582	645,079	(191,280)	(11,879)	14,369,433	(3,451,502)	15,580,971
Total net assets without donor restrictions	3,498,906	240,427	(75,909)	(2,454,130)	1,359,200	2,360,621	652,783	(80,880)	(7,523)	15,098,704	(3,024,314)	17,567,885
Total liabilities and net assets	\$ 5,012,575	\$ 948,649	\$ 1,367,102	\$ 2,583,813	\$ 6,354,885	\$ 16,065,387	\$ 1,247,737	\$ 1,116,108	\$ 1,174,570	\$ 34,322,281	\$ 8,404,444	\$ 78,597,551

Supplementary Consolidating Statement of Activities - Rental Properties  
For the Year Ended December 31, 2017  
(With Summarized Comparative Totals for the Year Ended December 31, 2016)

	2017												2016	
	St. Patricks Place LP	Putnam Place LP	Churchill Court LP	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates	Wellington- Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments	JAS Consolidated LLC	JAS Properties	Total	Total
Operating Revenues:														
Rental income	\$ 258,378	\$ 233,657	\$ 211,966	\$ 416,964	\$ 362,310	\$ 817,786	\$ 919,197	\$ 842,157	\$ 112,955	\$ 3,879,718	\$ 166,634	\$ 1,554,888	\$ 9,776,610	\$ 9,550,778
Interest income and other	46,847	272	799	1,106	13,501	3,173	7,452	65,203	9,245	87,898	245	8,550	244,291	231,065
Total operating revenues	305,225	233,929	212,765	418,070	375,811	820,959	926,649	907,360	122,200	3,967,616	166,879	1,563,438	10,020,901	9,781,843
Operating Expenses:														
Personnel and related:														
Contract labor	78,401	29,837	34,316	54,280	54,690	86,066	170,045	122,295	5,963	584,994	32,785	226,008	1,479,680	1,516,183
Occupancy:														
Interest	40,037	27,095	26,371	63,951	53,455	173,163	-	20,388	16,186	858,705	-	156,194	1,435,545	962,841
Utilities	17,896	16,072	11,667	32,741	21,119	71,662	134,870	106,429	12,145	521,426	12,738	96,402	1,055,167	1,047,175
Contracted services	54,369	40,384	27,456	44,487	44,158	72,428	201,163	89,752	11,280	489,046	19,283	246,256	1,340,062	1,333,412
Repairs and maintenance	9,529	9,815	14,652	19,368	17,685	30,718	83,819	25,975	11,880	74,395	2,598	111,635	412,069	562,425
Real estate taxes	15,711	10,121	10,170	17,019	21,845	29,685	56,135	37,573	5,563	130,590	136	71,676	406,224	397,776
Insurance	11,684	5,438	8,342	9,216	8,434	19,987	31,856	25,057	7,419	118,689	5,494	50,337	301,953	287,092
Rents	-	-	-	-	-	-	-	-	-	4,439	-	-	4,439	3,003
Total occupancy	149,226	108,925	98,658	186,782	166,696	397,643	507,843	305,174	64,473	2,197,290	40,249	732,500	4,955,459	4,593,724
Other expenses:														
Professional fees	15,640	16,037	18,248	13,298	12,966	17,868	34,494	26,983	4,348	43,312	755	41,328	245,277	258,114
Management fees	31,206	12,833	29,675	38,730	40,014	48,267	36,847	45,042	6,795	226,463	9,165	128,713	653,750	647,664
Office and other	5,655	2,850	3,133	5,246	5,309	6,977	20,803	9,549	1,013	56,132	2,578	17,177	136,422	121,714
Miscellaneous	2,567	3,587	1,616	2,120	1,940	3,180	4,008	2,500	1,673	127,790	100	8,480	159,561	55,873
Telephone and communications	1,740	531	4,451	4,050	4,635	1,630	3,113	2,292	-	15,687	1,239	9,905	49,273	47,326
Bad debts	6,688	-	-	-	-	-	6,313	-	-	-	-	1,900	14,901	7,642
Total other expenses	63,496	35,838	57,123	63,444	64,864	77,922	105,578	86,366	13,829	469,384	13,837	207,503	1,259,184	1,138,333
Total operating expenses before interest - amortization and depreciation and amortization	291,123	174,600	190,097	304,506	286,250	561,631	783,466	513,835	84,265	3,251,668	86,871	1,166,011	7,694,323	7,248,240
Interest - amortization	6,946	-	-	3,129	3,641	6,097	-	732	-	99,736	-	-	120,281	130,848
Depreciation and amortization	57,638	40,162	51,804	198,133	186,961	334,216	60,185	72,646	37,347	831,216	37,552	487,197	2,395,057	2,189,475
Total operating expenses	355,707	214,762	241,901	505,768	476,852	901,944	843,651	587,213	121,612	4,182,620	124,423	1,653,208	10,209,661	9,568,563
Changes in net assets without donor restrictions from operations	(50,482)	19,167	(29,136)	(87,698)	(101,041)	(80,985)	82,998	320,147	588	(215,004)	42,456	(89,770)	(188,760)	213,280
Gain on Involuntary Conversion	870,908	-	-	-	-	-	-	-	-	-	-	-	870,908	3,726,528
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	(164,990)	(15,534)	-	(180,524)	-
Deferred Interest	(9,388)	(1,758)	(46,344)	(278,856)	(45,728)	(197,831)	-	(43,435)	-	-	(61,451)	(6,530)	(691,321)	(612,624)
Changes in net assets without donor restrictions	\$ 811,038	\$ 17,409	\$ (75,480)	\$ (366,554)	\$ (146,769)	\$ (278,816)	\$ 82,998	\$ 276,712	\$ 588	\$ (379,994)	\$ (34,529)	\$ (96,300)	\$ (189,697)	\$ 3,327,184

Supplementary Consolidating Statement of Activities - Rental Properties  
For the Year Ended December 31, 2016

	St. Patricks Place LP	Putnam Place LP	Churchill Court LP	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates	Wellington- Harrington Development Corporation	Next Step Housing Corporation	Rindge Tower Apartments	JAS Properties	Total
<b>Operating Revenues:</b>												
Rental income	\$ 586,830	\$ 245,857	\$ 223,194	\$ 364,978	\$ 343,672	\$ 823,747	\$ 926,615	\$ 726,573	\$ 108,508	\$ 3,647,455	\$ 1,553,349	\$ 9,550,778
Interest income and other	691	528	816	18,121	18,818	2,524	3,330	90,974	13	89,573	5,677	231,065
Total operating revenues	587,521	246,385	224,010	383,099	362,490	826,271	929,945	817,547	108,521	3,737,028	1,559,026	9,781,843
<b>Operating Expenses:</b>												
Personnel and related:												
Contract labor	88,843	33,768	36,059	55,863	55,505	91,335	172,756	127,582	12,786	598,278	243,408	1,516,183
Occupancy:												
Interest	52,068	29,210	31,188	65,246	54,503	189,645	3,293	28,670	21,969	308,791	178,258	962,841
Utilities	45,090	15,711	16,760	30,145	23,599	65,250	132,311	91,761	17,115	512,998	96,435	1,047,175
Contracted services	89,389	39,495	27,621	48,093	55,366	61,639	221,549	84,626	13,284	425,795	266,555	1,333,412
Repairs and maintenance	125,422	17,870	9,063	15,819	15,103	22,451	76,702	35,087	10,706	138,782	95,420	562,425
Real estate taxes	21,308	11,000	11,428	16,804	21,608	29,544	56,484	16,939	5,563	129,945	77,153	397,776
Insurance	14,755	5,335	8,172	8,253	7,555	18,085	28,555	22,454	4,795	120,919	48,214	287,092
Rents	-	-	-	-	-	-	-	-	-	3,003	-	3,003
Total occupancy	348,032	118,621	104,232	184,360	177,734	386,614	518,894	279,537	73,432	1,640,233	762,035	4,593,724
Other expenses:												
Professional fees	15,487	9,205	11,631	26,915	11,803	18,007	43,169	29,282	3,814	41,482	47,319	258,114
Management fees	51,236	14,000	31,248	38,009	33,409	48,137	37,131	39,865	6,526	215,932	132,171	647,664
Office and other	6,099	2,411	2,527	4,275	4,385	10,439	23,863	9,369	853	38,102	19,391	121,714
Miscellaneous	2,316	1,605	1,739	1,900	2,017	3,608	4,913	3,665	5,197	20,097	8,816	55,873
Telephone and communications	2,938	629	4,213	2,810	4,267	1,680	4,602	2,358	-	14,136	9,693	47,326
Bad debts	-	-	-	-	-	-	1,322	1,132	-	404	4,784	7,642
Total other expenses	78,076	27,850	51,358	73,909	55,881	81,871	115,000	85,671	16,390	330,153	222,174	1,138,333
Total operating expenses before interest - amortization and depreciation and amortization	514,951	180,239	191,649	314,132	289,120	559,820	806,650	492,790	102,608	2,568,664	1,227,617	7,248,240
Interest - amortization	728	-	-	3,129	3,641	21,977	905	732	-	99,736	-	130,848
Depreciation and amortization	168,811	45,157	56,540	211,067	185,921	331,109	70,748	80,088	37,347	493,901	508,786	2,189,475
Total operating expenses	684,490	225,396	248,189	528,328	478,682	912,906	878,303	573,610	139,955	3,162,301	1,736,403	9,568,563
Changes in net assets without donor restrictions from operations	(96,969)	20,989	(24,179)	(145,229)	(116,192)	(86,635)	51,642	243,937	(31,434)	574,727	(177,377)	213,280
<b>Gain on Involuntary Conversion</b>	3,726,528	-	-	-	-	-	-	-	-	-	-	3,726,528
<b>Deferred Interest</b>	(11,394)	(1,918)	(52,465)	(257,939)	(44,721)	(190,674)	-	(45,993)	-	-	(7,520)	(612,624)
Changes in net assets without donor restrictions	\$ 3,618,165	\$ 19,071	\$ (76,644)	\$ (403,168)	\$ (160,913)	\$ (277,309)	\$ 51,642	\$ 197,944	\$ (31,434)	\$ 574,727	\$ (184,897)	\$ 3,327,184

## JUST-A-START CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties  
For the Years Ended December 31, 2017 and 2016

	St. Patricks Place LP	Putnam Place LP	Churchill Court LP	Squirrel Brand LP	Elm Place LP	Bishop Allen Apartments LLC	Close Building Associates	Wellington- Harrington Development Corporation	Next Step Housing Corporation	402 Rindge Corporation/ Rindge Tower Apartments	JAS Consolidated LLC	JAS Properties	Total
<b>Net Assets</b> , December 31, 2015	\$ (61,801)	\$ 221,356	\$ 735	\$ (2,050,962)	\$ 1,520,113	\$ 562,595	\$ 1,030,913	\$ (278,824)	\$ 23,911	\$ 14,576,678	\$ -	\$ (2,839,417)	\$ 12,705,297
Capital contributions	-	-	-	-	-	2,075,335	-	-	-	-	-	-	2,075,335
Changes in net assets	3,618,165	19,071	(76,644)	(403,168)	(160,913)	(277,309)	51,642	197,944	(31,434)	574,727	-	(184,897)	3,327,184
Syndication costs	-	-	-	-	-	-	-	-	-	(52,701)	-	-	(52,701)
Distributions	(57,458)	-	-	-	-	-	(429,772)	-	-	-	-	-	(487,230)
<b>Net Assets</b> , December 31, 2016	3,498,906	240,427	(75,909)	(2,454,130)	1,359,200	2,360,621	652,783	(80,880)	(7,523)	15,098,704	-	(3,024,314)	17,567,885
Syndication of JAS Consolidated	(4,271,195)	(242,999)	119,037	-	-	-	-	-	-	-	(7,823,634)	2,625,145	(9,593,646)
Changes in net assets	811,038	17,409	(75,480)	(366,554)	(146,769)	(278,816)	82,998	276,712	588	(379,994)	(34,529)	(96,300)	(189,697)
Syndication costs	-	-	-	-	-	-	-	-	-	-	(53,798)	-	(53,798)
Distributions	(107,285)	-	-	-	(12,786)	-	-	-	-	-	-	-	(120,071)
<b>Net Assets</b> , December 31, 2017	<u>\$ (68,536)</u>	<u>\$ 14,837</u>	<u>\$ (32,352)</u>	<u>\$ (2,820,684)</u>	<u>\$ 1,199,645</u>	<u>\$ 2,081,805</u>	<u>\$ 735,781</u>	<u>\$ 195,832</u>	<u>\$ (6,935)</u>	<u>\$ 14,718,710</u>	<u>\$ (7,911,961)</u>	<u>\$ (495,469)</u>	<u>\$ 7,610,673</u>