Better Housing Coalition Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended December 31, 2018 with
Comparative Totals for 2017

Better Housing Coalition Inc. and Subsidiaries

Contents

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Independent Auditor's Report

Board of Directors
Better Housing Coalition Inc. and Subsidiaries
Richmond, Virginia

We have audited the accompanying consolidated financial statements of Better Housing Coalition and its subsidiaries which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of certain subsidiaries and affiliates which statements reflect total assets of $21,927,747, as of December 31, 2018 and total support and revenues of $2,503,088 for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Better Housing Coalition and its subsidiaries as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2017 financial statements of Better Housing Coalition were audited by other auditors, whose report dated May 14, 2018, expressed an unmodified opinion on those statements.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities on page 27 through 30 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, which insofar as it relates to the subsidiaries and affiliates referenced in the third paragraph of this report is based on the reports of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

Richmond, Virginia
May 17, 2019

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Financial Position

December 31,	2018	(Comparative Totals) 2017
ASSETS		
Property and equipment:		
Buildings and improvements	**$ 107,949,566**	$ 114,037,179
Land	**9,617,791**	10,013,791
Furniture, fixtures and equipment	**1,171,971**	1,180,399
Vehicles	**87,975**	87,975
Accumulated depreciation	**(40,559,990)**	(40,692,662)
Property and equipment, net	**78,267,313**	84,626,682
Current assets:		
Cash	**6,375,964**	4,209,138
Cash, restricted	**714,488**	291,319
Cash, donor restricted	**577,878**	304,433
Short-term investments, donor restricted	**373,197**	385,202
Restricted deposits	**5,169,480**	6,126,598
Tenant security deposits held in trust	**483,812**	372,336
Tenant receivables, net	**189,856**	101,277
HUD accounts receivable	**1,236**	33,816
Current receivable	**95,851**	212,541
Prepaid assets	**260,884**	291,445
Total current assets	**14,242,646**	12,328,105
Other assets:		
Deposits, other	**4,783**	19,135
Receivable, net of current receivables	-	37,500
Construction in progress	**20,091,515**	14,546,167
Notes receivable	-	31,791
Intangible assets, net	**102,690**	146,185
Total other assets	**20,198,988**	14,780,778
Total assets	**$ 112,708,947**	$ 111,735,565

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Financial Position

December 31,	2018	(Comparative Totals) 2017
LIABILITIES AND NET ASSETS		
Long-term liabilities:		
Lines of credit for construction, net of current maturities	**$ 11,646,605**	$ 8,852,213
Mortgage and notes payable, net	**24,258,067**	26,125,428
Deferred revenue, net of current portion	**3,512,957**	3,214,789
Deferred payment note	**1,900,000**	1,900,000
Total long-term liabilities	**41,317,629**	40,092,430
Current liabilities:		
Current maturities of mortgages and notes payable	**973,995**	4,230,851
Current maturities of deferred revenue	**198,989**	198,989
Current maturities of lines of credit for construction	**1,344,569**	3,409,399
Accounts payable	**853,934**	322,100
Notes payable, related party	**-**	20,498
Tenant security deposits	**482,603**	364,537
Unearned revenue	**-**	534,170
Miscellaneous current liabilities	**61,834**	68,550
Total current liabilities	**3,915,925**	9,149,094
Total liabilities	**45,233,553**	49,241,524
Net assets:		
Without restrictions:		
Controlling interests	**26,296,129**	25,991,089
Noncontrolling interests	**32,743,393**	27,925,165
	59,039,522	53,916,254
With restrictions	**8,435,872**	8,577,787
Total net assets	**67,475,394**	62,494,041
Total liabilities and net assets	**$ 112,708,947**	$ 111,735,565

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Activities

Year Ended December 31,	2018			(Comparative Totals) 2017
	Without restrictions	**With restrictions**	**Total**	Total
Revenues and other support:				
Contributions and philanthropic support	$ 1,146,463	$ 302,287	$ 1,448,750	$ 977,246
Grants and awards	557,483	-	557,483	475,920
Other revenue	546,002	-	546,002	104,227
Earned fees	1,113,179	-	1,113,179	716,151
Interest and investment income (loss)	(119,513)	-	(119,513)	57,394
Revenue and other support	3,243,614	302,287	3,545,901	2,330,938
Revenue (expense), property sales:				
Property sales	8,355,000	-	8,355,000	1,809,000
Subsidies, government	148,016	-	148,016	338,996
Cost of property sales	(7,620,653)	-	(7,620,653)	(2,619,141)
Homebuyer assistance	(35,000)	-	(35,000)	(28,950)
Net revenue (expense) from property sales	847,363	-	847,363	(500,095)
Revenue, rental properties:				
Rental revenue	11,786,887	-	11,786,887	11,090,480
Other tenant revenue	233,184	-	233,184	202,772
Laundry and vending	59,656	-	59,656	68,801
Revenue from rental properties	12,079,727	-	12,079,727	11,362,053
Net assets released from restrictions	444,202	(444,202)	-	-
Total sales, revenues and other support	16,614,906	(141,915)	16,472,991	13,192,896
Operating expenses:				
Rental properties	9,243,661	-	9,243,661	8,536,605
Property development activities	1,419,220	-	1,419,220	1,548,376
Community social work	673,971	-	673,971	774,952
Fund development	491,875	-	491,875	520,173
Management and general	603,500	-	603,500	891,651
Total operating expenses	12,432,227	-	12,432,227	12,271,757
Change in net assets before depreciation and amortization	4,182,679	(141,915)	4,040,764	921,139
Depreciation	3,774,678	-	3,774,678	3,780,928
Amortization	68,720	-	68,720	30,004
Change in net assets	$ 339,281	$ (141,915)	$ 197,366	$ (2,889,793)
Less: Increase in net assets attributable to non controlling interests	34,241	-	34,241	(1,141,092)
Increase in net assets attributable to Better Housing Coalition	$ 305,040	$ (141,915)	$ 163,125	$ (1,748,701)

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Schedule of Functional Expenses

Year Ended December 31,	2018						(Comparative Totals) 2017
	Program						
	Rental Properties	Property Development	Community Social Work	Management and General	Fund Development	Total	Total
Personnel and benefits	$ 1,783,035	$ 830,020	$ 640,623	$ 423,082	$ 379,859	$ 4,056,619	$ 4,063,342
Professional and consulting	225,062	145,315	9,235	36,665	18,430	434,707	441,500
Travel and training	55,762	18,230	9,711	14,164	4,316	102,183	119,399
Advertising and marketing	107,360	7,024	13,588	9,782	67,559	205,313	199,952
Interest and financial services	1,627,681	95,332	575	3,878	1,806	1,729,272	1,725,294
Taxes and insurance	1,071,634	52,356	832	5,684	693	1,131,199	1,095,498
Dues, memberships and subscriptions	18,465	5,019	1,089	6,793	1,959	33,325	28,480
Equipment	76,531	3,823	3,050	5,415	660	89,479	103,746
Office	262,276	24,729	19,436	9,988	5,355	321,784	173,650
Bad debt	-	-	-	-	-	-	55,696
Occupancy	30,000	34,378	7,933	54,211	6,611	133,133	128,212
Utilities	1,345,124	17,327	588	4,020	490	1,367,549	1,302,448
Resident services	89,415	2,615	(46,270)	4,123	503	50,386	60,903
Board and committee	4,723	5,373	1,265	8,472	1,533	21,366	16,969
Property operations	1,677,032	90,236	198	1,351	165	1,768,982	1,916,853
Property maintenance and repairs	808,934	1,871	-	-	-	810,805	805,911
Miscellaneous	(58,907)	76,085	250	1,711	209	19,348	(120,583)
Telephone and communications	119,534	9,487	11,868	14,161	1,727	156,777	154,487
Expenses before depreciation and amortization	9,243,661	1,419,220	673,971	603,500	491,875	12,432,227	12,271,757
Depreciation	3,747,854	23,697	360	2,466	301	3,774,678	3,780,928
Amortization	68,720	-	-	-	-	68,720	30,004
Total depreciation and amortization	3,816,574	23,697	360	2,466	301	3,843,398	3,810,932
Total expenses	$ 13,060,235	$ 1,442,917	$ 674,331	$ 605,966	$ 492,176	$ 16,275,625	$ 16,082,689

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Changes in Net Assets

Year Ended December 31,	2018					(Comparative Totals) 2017
	Without restrictions			With restrictions		
	Controlling Interest	Noncontrolling Interest	Total without restrictions	Controlling Interest	Total	Total
Net assets, beginning of year	$ 25,991,089	$ 27,925,165	$ 53,916,254	$ 8,577,787	$ 62,494,041	$ 64,987,512
Capital contributions	-	4,783,987	4,783,987	-	4,783,987	396,322
Changes in net assets	305,040	34,241	339,281	(141,915)	197,366	(2,889,793)
Net assets, end of year	**$ 26,296,129**	**$ 32,743,393**	**$ 59,039,522**	**$ 8,435,872**	**$ 67,475,394**	$ 62,494,041

See accompanying notes to consolidated financial statements.

Better Housing Coalition Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Years Ended December 31,	**2018**	(Comparative Totals) 2017
Cash flows from operating activities:		
Change in net assets	**$ 197,366**	$ (2,889,793)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**3,793,331**	3,810,932
Interest, debt issuance costs	**20,714**	22,348
Bad debt expense	**-**	55,696
(Gain) loss on disposal of assets	**(196,861)**	153,737
Loss on disposal of intangible assets	**29,353**	-
Amortization of deferred revenue	**(198,989)**	(198,989)
Change in assets and liabilities:		
Tenant receivables	**(88,579)**	(21,163)
Accounts receivable	**154,191**	47,625
HUD receivables	**32,580**	(31,512)
Prepaid expenses	**30,561**	(33,464)
Tenant security and other deposits	**6,590**	7,204
Construction in progress	**(8,939,348)**	(147,750)
Accounts payable and miscellaneous current liabilities	**499,892**	(302,654)
Note payable, related party	**(20,498)**	(21,353)
Accrued interest	**86,717**	-
Deferred revenue	**497,157**	-
Unearned revenue	**(534,170)**	(275,134)
Net cash (used in) provided by operating activities	**(4,629,993)**	175,730
Cash flows from investing activities:		
Net change in restricted deposits	**969,123**	(1,094,627)
Purchase of property	**(1,257,563)**	(882,355)
Proceeds from sale of property, net	**7,439,000**	280,000
Purchase of equipment	**(5,885)**	(75,271)
Redemption (purchase) of certificate of deposits	**14,352**	3,402
Net change in notes receivable	**31,791**	(750)
Payments of loan costs and tax credit fees	**-**	15,511
Net cash provided by (used in) investing activities	**7,190,818**	(1,754,090)
Cash flows from financing activities:		
Proceeds on lines of credit for construction	**4,760,952**	1,224,262
Payment on lines of credit for construction	**(4,031,390)**	(672,656)
Proceeds on notes payable	**200,000**	44,619
Payments on notes payable	**(5,410,934)**	(1,346,236)
Capital contributions	**4,783,987**	396,322
Net cash provided by (used in) by financing activities	**302,615**	(353,689)
Net increase (decrease) in cash	**2,863,440**	(1,932,049)
Cash, beginning of year	**4,804,890**	6,736,939
Cash, end of year	**$ 7,668,330**	$ 4,804,890
Reconciliation of cash:		
Cash	**6,375,964**	4,209,138
Cash, restricted	**714,488**	291,319
Cash, donor restricted	**577,878**	304,433
Cash, end of year	**$ 7,668,330**	$ 4,804,890
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 1,606,851	$ 1,561,148

See accompanying notes to financial statements.

1. Organization and Nature of Business

Better Housing Coalition is a not-for-profit corporation whose mission is to develop affordable housing communities in the Richmond, Virginia, metropolitan area. It serves as a sponsor/developer of both single family and multifamily dwellings in the Richmond metropolitan area. In addition, it provides community social work services to several multifamily housing communities. The Coalition derives its revenues from individual and corporate contributions, grants, fees from real estate development and management activities and rental income including property sales.

2. Summary of Significant Accounting Policies

Basis of accounting

The consolidated financial statements of the Coalition have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America; revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Consolidated financial statements

The consolidated financial statements include the accounts of the Coalition, Richmond Affordable Housing Inc., a developer of affordable single-family dwellings, BHC Management Company, organized to operate and maintain the rental properties outlined below, and all of the rental property entities listed below. The Coalition has common control since it has economic interest, as well as the majority voting power on the board of these entities. The consolidated financial statements include the accounts of limited partnership or limited liability companies in which the Coalition or one of its wholly-owned subsidiaries is the general partner or managing member but does not hold a majority financial interest. All material inter-company accounts and transactions have been eliminated in consolidation.

Legal Entity	Known As
Senior housing communities:	
Affordable Residences in Chesterfield, Inc.	Rockwood Village
1617-1621 Grove Avenue LP*	Columns on Grove
Market Square Elderly Housing LP*	Market Square
Market Square Elderly Housing LP Phase II*	Market Square II
Market Square Elderly Housing LP Phase III	Market Square Phase III
Market Square V, LLC**	Market Square V, LLC
Nine Mile Road LLC	Carter Woods Senior Apts
Nine Mile Road II LLC	Carter Woods Senior Apts Phase II
Richmond Urban Senior Housing, Inc.	Monarch Woods
300 Randolph Street LLC	Randolph Place
1208 North 28th St. LLC	Beckstoffer Seniors
Claiborne Square LLC	Claiborne Square
Multifamily housing communities:	
Affordable Historic Residences of Richmond LP*	St. Andrews
Affordable Residences in Chesterfield II, Inc.	Winchester Greens

2. Summary of Significant Accounting Policies (continued)

Legal Entity	Known As
Cary 2000 Phase III LP*	Cary Townhomes
4101 North Avenue LLC	Lincoln Mews
4101 North Avenue II LLC	Lincoln Mews II
North Oak LLC	North Oak
Beckstoffer Lofts LLC*	Beckstoffer Lofts
Richmond Scattered Sites East LLC	Jefferson Mews
Richmond Scattered Sites West LLC	CaryWest
2230 Venable Street, LLC	Goodwyn at Union Hill
Commercial properties:	
Winchester Commons LLC*	Winchester Commons I
Winchester Commons II LLC*	Winchester Commons II

*These entities are consolidated in the financials of Richmond Affordable Housing, Inc.
**This project is new for 2018.

Basis of presentation

In accordance with ASU 2016-14, the organization is required to report information regarding its financial position and activities according to two classes of net assets: with restrictions and without restrictions. The financial statements report amounts separately by class of net assets as follows:

Net assets without restrictions: Net assets that are not subject to donor-imposed stipulations, representing investment of property and equipment and the portion of expendable resources that are available without limitation for support of operations. In addition, they represent resources over which the Board of Directors have discretionary control and are used to carry out operations. If the Board specifies a purpose where none has been stated by the original donor or other providers of funding, such funds are classified as Board designated funds.

Net assets with restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Board and/or passage of time. Net assets with donor restrictions represent resources currently available for use, but expendable only for those operating purposes specified by the donor or other providers of funding.

New accounting pronouncements adopted

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation

2. Summary of Significant Accounting Policies (continued)

methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the organization's financial statements for fiscal year beginning January 1, 2018. The organization has adopted this ASU in its financial statements. See Note 4 for further explanation of net assets with restrictions.

Public support and revenue

Public support and revenue are reported as increases in net assets without restrictions unless use of the related assets is limited by donor-imposed restrictions. If the restrictions expire in the year in which the revenues are recognized, then the revenues are reported as increases in net assets without restrictions. Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions are recognized in the period received. Unconditional pledges are recognized in the period made. Conditional pledges are not recognized until the conditions on which they depend are substantially met.

Contributions to be received after one year are discounted at an appropriate rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor- imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided, when necessary, based upon management's judgment considering factors such as prior collection history, type of contribution and nature of fundraising activity.

Contributions received with donor-imposed restrictions are reported as revenues of the net asset with restrictions unless the restriction expires in the same year in which the revenues are recognized, in which case the revenues are reported as increases in net assets without restrictions. Contributions of land, building and equipment without donor-imposed restrictions concerning the use of such long-lived assets are reported as revenues of net assets without restrictions.

Revenue from government grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreement. Revenue from program service fees is recognized when the service is completed.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated schedule of functional expenses. Accordingly, certain costs have been allocated as program, management and general, and fund development.

2. Summary of Significant Accounting Policies (continued)

Receivables

Management reviews receivables, and any that are considered to be uncollectable expense. There was no allowance for doubtful accounts at December 31, 2018 and 2017.

Income recognition

Rental and commercial income is recognized for property rentals as they accrue. Lease terms are generally one to ten years. Advance receipts of rental income are deferred and classified as unearned revenue until earned.

Revenue from property sales is recognized when the property is sold. Development fees, related party revenues, and other income are recognized as earned.

Impairment of long-lived assets

Long-lived assets and certain intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Coalition reviews applicable intangible assets and long-lived assets on a periodic basis. When events or changes in circumstances indicate an asset may not be recoverable, the Coalition estimates the future cash flows expected to result from the use of the asset. If the sum of the expected undiscounted cash flows is less than the carrying value of the asset, an impairment loss is recognized. The impairment loss is recognized by measuring the difference between the carrying value of the asset group and the fair value of the asset group.

The Coalition's estimates of fair values are based on the best information available and require the use of estimates, judgments and projections as considered necessary. The actual results may vary significantly. There were no impairment losses in 2018 and 2017.

Property and equipment

Property and equipment are stated at cost and depreciated by straight-line and accelerated methods over estimated useful lives which range as follows:

Buildings and improvements	5 – 40 years
Furniture, fixtures and equipment	5 – 15 years
Vehicles	5 years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in current year's operations.

Construction in progress

The costs associated with the acquisition and renovation of housing units is included in construction in progress until a unit is sold. Construction in progress of single family homes held for sale at December 31, 2018 is $783,955. Total construction in progress as December 31, 2018 was $20,091,515 with $7,882,478 remaining to be completed.

2. Summary of Significant Accounting Policies (continued)

Use of estimates

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

Fair value of financial instruments

The carrying amounts of cash, escrows and reserves, receivables, prepaid expenses, deposits, account payable, accrued expenses and security deposits approximate fair value because of the short maturities of these instruments. Variable rate loans approximate fair value because of the variable rate. The fair value of the fixed-rate long-term debt was approximately $21,000,000 and $23,000,000 at December 31, 2018 and 2017, respectively, which is based on market rates for similar loans.

Donated services

A substantial number of unpaid volunteers have made significant contributions of their time. The value of this contributed time is not reflected in no objective basis is available to measure the value of such services.

Gifts-in kind

Gifts of real estate, professional services, cash and personal property are recorded at their estimated fair market value and recorded as revenue when received.

Cash equivalents

For purposes of the consolidated statement of cash flows, the Coalition considers all unrestricted highly liquid investments with a purchased maturity of three months or less to be cash equivalents.

Income Taxes

Better Housing Coalition and its affiliates, Affordable Residences in Chesterfield, Affordable Residences in Chesterfield II, Richmond Affordable Housing and Richmond Urban Senior Housing, are nonprofit charitable organizations other than private foundations, as defined by Internal Revenue Code Section 501(c)(3) and are not subject to federal or Virginia income taxes. BHC Management Company has been granted tax exempt status under Internal Revenue Code Section 501(c)(4).

The Coalition’s controlled limited liability partnerships and limited liability companies are subject to federal and state income taxes at the partner and member level. Better Housing Coalition and its non-profit subsidiaries noted above, have a partner or member interest in each of these taxable entities, accordingly, the accompanying consolidated financial statements do not reflect provision of federal or state income taxes.

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these consolidated financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through May 17, 2019, the date the consolidated financial statements were available to be issued.

3. Liquidity and Availability of Financial Assets

The Coalition's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

December 31,		**2018**
Financial assets, at year end	**$**	**13,694,817**
Contractual or organizational imposed restrictions:		
Restricted cash		**(714,488)**
Donor-restricted cash		**(577,878)**
Donor-restricted investments		**(373,197)**
Restricted deposits		**(5,169,480)**
Tenant security deposit		**(483,812)**
Financial assets available to meet cash needs for general expenditures within one year	**$**	**6,375,962**

4. Net Assets with Donor Restrictions

The Coalition and its controlled entities have $8,435,872 and $8,577,787 in net assets with restrictions as of December 31, 2018 and 2017, respectively. Those restricted net assets consist of the following items detailed in the schedule below:

		2018		2017
Restricted by donors	**$**	**915,970**	$	877,371
Capital advances from HUD restricted for low income elderly housing		**5,595,623**		5,776,136
Contributed land from HUD restricted for affordable housing		**1,924,279**		1,924,280
	$	**8,435,872**	$	8,577,787

The Coalition is the beneficiary of an endowment held by the Community Foundation, the distributions from which are restricted to the development of new real estate activities. The value of such distributions is undeterminable and the determination of future benefits is uncertain and also undeterminable.

4. Net Assets with Donor Restrictions (continued)

Net assets were released from various donor restrictions by incurring expenses satisfying the restricted purposes as follows:

Net assets released – Better Housing Coalition	$	111,411
Net assets released – Affordable Residences in Chesterfield and Richmond Urban Senior Housing		180,513
Net assets released – Richmond affordable Housing		152,278
Total net assets released from restrictions	$	444,202

5. Concentrations

The Coalition depends on grants, contributions and other public support to fund its operations. Significant changes in the amounts received could significantly affect operations.

Financial instruments which potentially subject the Coalition to concentrations of credit risk consist of cash and unsecured receivables. The Coalition maintains its cash balances with financial institutions located in Richmond, Virginia. The Coalition places its cash with high credit quality financial institutions. Accounts at the institutions are secured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2018 and 2017, uninsured cash deposits were $7,006,085 and $5,613,359, respectively. Management rationally assesses the solvency of the financial institutions.

The Coalition's ability to collect its receivables is dependent upon the financial condition of the debtor or lessee and management routinely assesses their credit quality.

6. Retirement Plans

On January 1, 1997, the Coalition established a 403(b) retirement plan. Currently, the Coalition matches employee contributions up to 5% of an employee's salary. Employees are eligible for benefits after they are at least 21 years of age and have completed one year of service with at least 1,000 hours and are fully vested after three years of service. The Coalition's contribution to this plan in 2018 and 2017 was $145,348 and $146,229, respectively. In 2008, the plan was amended to bring it into compliance with the plan document requirements of the final 403(b) regulations. The plan was also amended in 2008 to allow for up to 2% base contribution for eligible employees effective January 1, 2009. The Coalition contributed 1% of base in 2018 and 2017.

The Coalition maintains a 457(b) Deferred Compensation Plan for certain eligible employees. At the Board of Directors discretion, the Coalition matches 25% of the employees' contributions up to the Internal Revenue Code limits of $18,000 or 100% of the employee's compensation. The plan also provides certain catch-up provisions for participants age 50 or over. The amounts contributed by the Coalition vest immediately. The Coalition's contribution to this plan in 2018 and 2017 was $12,338 and $10,836, respectively.

6. Retirement Plans (continued)

The Coalition is also a participating partner agency in a multiple-employer noncontributory defined benefit plan with the United Way of Greater Richmond and Petersburg, the administrator of the plan. Participants in the plan become fully vested after three years of service. The actuarial present value of vested and non-vested accumulated plan benefits and the net assets available for benefits are not determined for the individual entities participating in this multiple-employer plan.

Future benefit accruals in the plan were frozen by the United Way on December 31, 2008 and the plan will be terminated when fully funded. Future contributions will be based on each agency's share of the plan's termination liability. Contributions to the plan began in 2010. The Coalition's contribution to this plan in 2018 and 2017 was $95,421 and $91,805, respectively.

All employees who were at least 21 years of age and had completed one year of service with 1,000 hours were enrolled in the defined benefit plan. Employees were vested having either completed three years of service or attaining early retirement age. Employees are eligible for full accrued benefits at age 65. Benefits are actuarially reduced according to age for eligible employees who retire prior to qualifying for full retirement benefits. The annual retirement benefit payable at age 65 is computed as follows: 1.5% of the final average earnings multiplied by the employee's credited service plus .5% of the final average earnings in excess of the social security average multiplied by the total years of credited service up to maximum of 35 years.

7. Restricted Deposits

The Coalition, through its subsidiaries, is required to maintain certain escrow accounts. The following shows the activity in those accounts for 2018 and 2017.

	Beginning Balance January 1, 2018	**Additions and Interest**	**Withdrawals and Transfers**	**Ending Balance December 31, 2018**
Operating reserve	$ 3,059,618	$ 236,685	$ 1,000,000	$ 2,296,303
Taxes and insurance reserve	611,376	989,257	1,013,654	586,979
Repair and replacement reserve	2,455,604	577,389	746,795	2,286,198
	$ 6,126,598	$ 1,803,331	$ 2,760,449	$ 5,169,480

	Beginning Balance January 1, 2017	Additions and Interest	Withdrawals and Transfers	Ending Balance December 31, 2017
Operating reserve	$ 2,055,760	$ 1,003,858	$ —	$ 3,059,618
Taxes and insurance reserve	652,004	967,803	1,008,431	611,376
Repair and replacement reserve	2,324,207	564,203	432,806	2,455,604
	$ 5,031,971	$ 2,535,864	$ 1,441,237	$ 6,126,598

8. Lease Commitments

Effective May 1, 2011, the Coalition entered into a property lease agreement with Cornerstone Architects, PLC for office space located at 23 W. Broad St., Suite 100. The lease was effective for three years through April 30, 2014, with no annual rent escalation. The property lease agreement was extended for another three years effective May 1, 2014 through April 30, 2017. It was extended for another three years effective May 1, 2017 through April 30, 2020 and amended to include additional office space located at 23 W. Broad St., Suite 303 and common area & maintenance charges (CAM). Effective July 1, 2018, the building was sold and the landlord changed to SNP Properties. Annual base rent increases at a rate of 3% and CAM is subject to a 2% annual cap.

Future minimum lease payments due under the lease are as follows for year ending December 31:

2019	$	117,056
2020		39,332
	$	156,388

9. Capital Advances

The Coalition, through a subsidiary, received from the Department of Housing and Urban Development a capital advance of $4,855,000 for construction of a low-income elderly housing community known as Rockwood Village. The capital advance agreement dated April 1, 1999, bears no interest and is not required to be repaid so long as the housing remains available to eligible very low-income households for a period of 40 years in accordance with Section 202 of the Housing Act of 1959, as amended. The capital advance is secured by a deed of trust on the property. Upon noncompliance with the agreement, the capital advance shall become immediately due and payable at an annual interest rate of 5.75%.

In addition, the Coalition through a subsidiary received a capital advance from the Department of Housing and Urban Development of $4,321,600 for construction of a low-income elderly housing community known as Monarch Woods. The capital advance agreement dated July 2, 2002, bears no interest and is not required to be repaid as long as the housing remains available to eligible very low income households for a period of 40 years in accordance with Section 202 of the Housing Act of 1959, as amended. The capital advance is secured by a deed of trust on the property. Upon noncompliance with the agreement, the capital advance shall become immediately due and payable at an annual interest rate of 5.75%.

Department of Housing and Urban Development capital advances granted were $9,176,600, less accumulated depreciation associated with the properties of $3,580,977, and $3,400,464 as of December 31, 2018 and 2017, respectively, and are reflected in the Coalition’s net assets with restrictions.

10. Lines of Credit Used for Construction

Richmond Affordable Housing, Inc. has two construction lines of credit with lending foundations and local banks to build and acquire single family homes. The total amount available under these arrangements is $2,750,000 and $6,530,000 for 2018 and 2017. The total amount outstanding at December 31, 2018 and 2017 was $1,344,569 and $3,759,389, respectively. The credit lines are collateralized by deeds of trust on certain properties under development. The credit lines are secured by deeds of trust on homes under development and/or guaranteed by Better Housing Coalition. Interest rates on these agreements are 7% and the Wall Street Journal Prime plus 1%. The balances on the lines of credit have maturity dates of October 2019 and April 2019. The organization had a third line of credit with a local bank with an interest rate of WSJ prime plus 3% that matured and was paid-in-full during 2018.

Better Housing Coalition has four construction lines of credit with lending foundations and local banks for predevelopment work and to build single family homes. The total amount available in under these arrangements for 2018 and 2017 of $2,750,000 and $2,250,000, respectively. There was no outstanding balance at December 31, 2018 and 2017. The credit lines are secured by deeds of trust on certain properties under development and/or guaranteed by Better Housing Coalition. Interest rates on these agreements are 4.25%, 5%, and two lines have the Wall Street Journal Prime plus 1%. The lines of credit have maturity dates of October 2019, November 2019, and May 2019.

In 2016, Affordable Residences in Chesterfield II, Inc. obtained a construction loan payable with a local bank. The total amount available under this arrangement is $8,957,000. The total amount outstanding at December 31, 2018 was $8,614,893. The note bears interest at a rate of LIBOR plus 2.65% and matures in April 2020.

In December 2017, 2230 Venable Street, LLC entered into a construction loan agreement with Towne bank for $900,000 with an interest rate of 5.37% and a maturity date of December 2019. As well as a construction loan agreement with Virginia Housing Development Authority entered in December 2017 with a total balance of $863,469 and 3.68% interest maturing in June 2039.

In December 2018, Market Square V, LLC entered into two loan agreements with VHDA. The first loan has a total line of $3,400,000 with a balance of $268,243 with an interest rate of 2.95% maturing in April 2051. The other loan of $1,000,000 outstanding as of December 31, 2018 has an interest rate of 3.78% maturing in May 2020.

11. Letter of Credit Available for Construction

Richmond Affordable Housing, Inc. has a letter of credit with a local bank to build and acquire single family homes and predevelopment work. The total amount available under this arrangement is $2,000,000 with the total outstanding of $1,962,772 as of December 31, 2018. The letter of credit fee on this agreement is 1.5% of each letter annually, with a minimum of $350. The letter of credit is required to be renewed annually.

12. Mortgages and notes payable, net

The Coalition, through its various consolidated affiliated organizations and partnerships, has notes payable secured by real estate for rental properties throughout the City of Richmond, Chesterfield County, Petersburg and Henrico County.

	2018	2017
Mortgage notes payable to Virginia Housing Development Authority (VHDA), with principal and interest due ranging from $3,053 through $29,031 bearing interest at 0% to 8.25%, maturing from May 2019 – March 2046.	**$ 24,312,120**	$ 26,020,272
Mortgage note payable to Virginia Housing Partnership Revolving Fund, with principal and interest of $1,601, bearing interest at 2%, maturing November 2027.	**92,028**	109,210
Mortgage note payable to Federal Home Loan Bank of Atlanta bearing interest at 3%, with monthly principal and interest payments of $7,143 through June 2026.	**585,918**	652,696
Mortgage note payable to Virginia Community Capital, Inc. with monthly principal and interest of $1,848 due monthly, bearing interest at 2%, maturing April 2020.	**308,035**	323,786
Note payable to St. Andrew's Association, 0% interest, due on demand.	**30,000**	30,000
Note payable to an investor bearing interest at LIBOR plus 1.5%. Principal and interest payments are due in full in September 2018.	**—**	3,344,663
Note payable to Restoration of Petersburg Community Development Corporation bearing interest at 4.64% with monthly principal and interest payments of $1,000 through December, 2085.	**246,768**	247,261
	$ 25,574,869	$ 30,727,888

The liability of the Coalition under the mortgage notes is limited to the underlying value of the real estate collateralized.

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the mortgage note. Amortization of debt issuance costs is reported as a component of interest expense over the term of the loan. Unamortized debt issuance costs were $342,807 and $371,609 as of December 31, 2018 and 2017, respectively. Amortization was $20,714 and $21,023 for 2018 and 2017, respectively, and is included in interest expense.

12. Mortgages and notes payable, net (continued)

The following are the components of the mortgage payable as shown on the consolidated statement of financial position at December 31, 2018:

	2018	2017
Mortgage payable	**$ 25,574,869**	$ 30,727,888
Unamortized debt issuance costs	**(342,807)**	(371,609)
	25,232,062	30,356,279
Current portion	**(973,995)**	(4,230,851)
	$ 24,258,067	$ 26,125,428

Aggregate maturities of the long-term debt for future years are as follows:

2019	$ 973,995
2020	920,897
2021	718,531
2022	702,400
2023	736,161
Thereafter	21,522,885
	$ 25,574,869

13. Intangible Assets

The Coalition has certain costs relating to acquiring property which it has capitalized and these costs are being amortized based on the schedule below:

	Term	**2018**	2017
Tax credits	5 – 37 years	**$ 280,060**	$ 331,605
Capitalized interest	27.5 years	**13,608**	50,256
		293,668	381,861
Accumulated amortization		**(190,978)**	(235,676)
		$ 102,690	$ 146,185

Amortization expense for intangible assets was $18,652 and $30,004 for 2018 and 2017, respectively. The Coalition expects amortization expense for each of the next five fiscal years starting 2019 through 2023 to be $18,652.

14. Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred. Advertising and marketing expense for 2018 and 2017 was $205,313 and $199,952, respectively.

15. Related Parties Transactions

Asset management fees

The Coalition is required through a consolidated entity to pay Community Equity Fund XIV, Inc., the investor member, an annual asset management fee. The asset management fee will increase at the rate of 4% each year. Total fees of $7,294 and $7,014 were incurred during 2018 and 2017, respectively. Of these amounts, $7,294 and $7,014 remain payable as of December 31, 2018 and 2017, respectively.

The Coalition is required through a consolidated entity to pay Community Equity Fund XV, LP, the investor member, an annual asset management fee. The asset management fee will increase at a rate of 3% each year. Total fees of $6,967 and $6,764 were incurred during 2018 and 2017, respectively. Of these amounts, $6,967 and $6,764 remain payable as of December 31, 2018 and 2017, respectively.

The Coalition is required through consolidated entities to pay NEF Assignment Corporation, the investor member, annual asset management fees. The asset management fees will increase at a rate of 3% each year. Total fees were $11,327 and $10,997 for 2018 and 2017, respectively. No fees remain payable as of December 31, 2018.

The Coalition is required through consolidated entities to pay Housing Capital Corporation, the investor member, annual asset management fees totaling $33,425 and $34,398 for 2018 and 2017, respectively.

The Coalition is required through a consolidated entity to pay Bank of America CDC Special Holding Company, Inc., the special investor member, an annual asset management fee. The asset management fee will increase at the rate of 3% each year and is payable from future cash flows. Total fees of $5,628 and $5,464 were incurred during 2018 and 2017, respectively. As of December 31, 2018 and 2017, $5,628 and $5,464, respectively, remained payable.

Investor service fee

The Coalition is required through two consolidated entities to pay Enterprise Community Investment, Inc. annual investor service fees in accordance with the investor services agreements. Total fees of $14,057 and $13,582 were incurred during the year ended December 31, 2018 and 2017, respectively. The investor services fees will increase at the rate of 3% and 4% each year to the extent the entities have available cash flow.

16. Deferred Revenue

Lincoln Mews II has received a grant of $4,008,253 as part of Section 1602 Tax Credit Exchange Program of the American Recovery and Reinvestment Act of 2009. Lincoln Mews II must comply with section 1602 by meeting certain requirements, including tenant eligibility and rental charges as restricted in accordance with Internal Revenue Code Section 42. Management has certified that compliance has been met. The total amount of the grant was recorded as deferred revenue and will be amortized over the compliance period. During both 2018 and 2017, $145,755 was amortized to income. At December 31, 2018 and 2017, deferred revenue was $2,815,534 and $2,961,289, respectively. Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance could result in default and the recapture of 6.67% of the grant amount for each year of noncompliance.

16. Deferred Revenue (continued)

Claiborne Square, LLC has a grant agreement with VHDA for exchange funds of $798,510 to be used in the construction of the project. The cash grant provided by VHDA is in exchange for low-income housing tax credits. The grant revenue will be recognized evenly over the 15 year tax credit compliance period. During both 2018 and 2017, $53,234 was amortized to income. At December 31, 2018 and 2017, deferred revenue was $399,255 and $452,489, respectively.

17. Deferred Payment Note

Claiborne Square, LLC has a deferred payment note with VHDA of $1,900,000 with an interest rate of zero percent. Repayment of the principal shall be deferred through December 31, 2041. Beginning on December 31, 2042, one-twentieth (1/20th) of the principal balance shall be due and payable on December 31 of each year until December 31, 2061, at which time the balance of principal remaining unpaid shall be due and payable.

18. Project Rental Assistance Contracts

The U.S. Department of Housing and Urban Development has contracted with Richmond Urban Senior Housing, Inc. and Affordable Residences in Chesterfield, Inc. to make housing assistance payments on behalf of qualified tenants. For 2018 and 2017, $404,530 and $346,839 was received in assistance payments. The current contracts expire January 31, 2020 and August 31, 2020, respectively, and if not renewed could substantially impact the rental income of the individual properties.

19. Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Coalition's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

20. Commitments and Contingencies

Except to the extent of $3,609,376 of guarantees provided by the Better Housing Coalition to various consolidated entities, the creditors of these partnerships and limited liability companies have no further recourse against the Coalition. In addition to $3,609,376 of guarantees provided by the Coalition to various consolidated entities, there are guarantees for credit adjustments that would be difficult to value.

Richmond Affordable Housing, Inc. has contracted with various builders for the construction of single-family homes. The total contract amount of the construction in-process at year-end is $3,368,724, of which $1,885,009 was outstanding on those contracts at December 31, 2018.

21. Rental Income

In June 2012, Winchester Commons II, LLC entered into a rental agreement with Capital Area Health Network. The lease is effective for five years through May 31, 2018 with the option to renew the lease for an additional five years. The Organization received $37,311 in rental income during 2018.

In July 2016, the Winchester Commons I & II entered into rental agreements with Chesterfield Community Services Board. The leases are effective for five years through June 30, 2021 with the option to renew the lease for an additional five years. The Organization received $157,845 in rental income during 2018.

In January 2016, Affordable Residences in Chesterfield II, Inc. entered into a rental agreement with Genesis Learning Center, LLC. The lease is effective for three years through December 31, 2018 with the option to renew the lease for an additional two years. The Organization received $47,590 in rental income during 2018.

Expected rental income under these leases for the years subsequent to 2018 is as follows:

2019	$	271,521
2020		206,292
2021		110,235
2022		40,393
Thereafter		16,970
	$	645,411

22. Endowment

The Coalition is the beneficiary of the Hilton W. Goodwyn and Hallie J. Goodwyn fund. Hilton W. Goodwyn Jr. and his wife, Erline H. Goodwyn in honor of Hilton Goodwyn Jr.'s parents, established the fund solely for the benefit of the Coalition. This $6,000,000 endowed charitable fund is held within the Community Foundation. It will be administered by them and subject to its governing documents and polices. The spendable income each year shall be available to support "bricks and mortar" capital projects of the Coalition in creating high-quality affordable housing. No amounts shall be used for administration or non-building programs. The Coalition's distribution from the endowment in 2018 and 2017 was $185,280 and $172,870, respectively.

Supplementary Information

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Financial Position - December 31, 2018

	Total LIHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
ASSETS							
Property and equipment:							
Buildings and improvements	$ 67,780,562	$ 3,399,329	$ 34,357,225	$ -	$ 513,911	$ 1,898,539	$ 107,949,566
Land	4,832,477	125,000	2,846,722	640,000	1,173,592	-	9,617,791
Furniture, fixtures and equipment	737,007	3,155	194,641	229,638	7,530	-	1,171,971
Vehicles	42,476	-	6,128	39,371	-	-	87,975
Acculuated depreciation	(22,162,602)	(2,099,226)	(15,094,643)	(254,711)	(350,016)	(598,792)	(40,559,990)
Property and equipment, net	51,229,920	1,428,258	22,310,073	654,298	1,345,017	1,299,747	78,267,313
Current assets:							
Cash	829,341	122,072	376,838	3,081,738	1,846,028	119,947	6,375,964
Cash, restricted	150,000	60,000	500,773	-	-	3,715	714,488
Cash, donor restricted	-	-	-	352,887	224,991	-	577,878
Short-term investments, donor restricted	-	-	-	373,197	-	-	373,197
Restricted deposits	3,796,687	82,012	1,261,669	-	-	29,112	5,169,480
Tenant security deposits held in trust	272,474	11,117	139,661	-	60,560	-	483,812
Tenant receivables, net	70,139	1,035	32,087	69,260	2,417	14,918	189,856
HUD accounts receivable	(1,117)	-	2,353	-	-	-	1,236
Current accounts receivable	-	-	-	39,920	55,931	-	95,851
Prepaid assets	246,770	-	-	14,114	-	-	260,884
Total current assets	5,364,294	276,236	2,313,381	3,931,116	2,189,927	167,692	14,242,646
Other assets:							
Deposits, other	-	-	-	4,783	-	-	4,783
Construction in progress	-	-	4,614,448	-	15,477,067	-	20,091,515
Intangible assets, net	93,745	8,945	-	-	-	-	102,690
Total other assets	93,745	8,945	4,614,448	4,783	15,477,067	-	20,198,988
Total assets	$ 56,687,959	$ 1,713,439	$ 29,237,902	$ 4,590,197	$ 19,012,011	$ 1,467,439	$ 112,708,947

Independent Auditor's Report.

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Financial Position - Year Ended December 31, 2018

	Total LIHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
LIABILITIES AND NET ASSETS							
Long-term liabilities:							
Lines of credit for construction, net of current maturities	$ -	$ -	$ 8,614,893	$ -	$ 3,031,712	$ -	$ 11,646,605
Mortgages and notes payable, net	22,065,130	101,952	1,372,774	-	(114,475)	585,918	24,011,299
Deferred revenue, net of current portion	3,037,943	1,901	17,335	89,010	366,768	-	3,512,957
Deferred payment note	1,900,000	-	-	-	-	-	1,900,000
Total long-term liabilities	27,003,073	103,853	10,005,002	89,010	3,284,005	585,918	41,070,861
Current liabilities:							
Current maturities of notes payable	759,521	-	-	100,000	114,474	-	973,995
Current maturities of deferred revenue	198,989	-	-	-	-	-	198,989
Current maturities of lines of credit	-	-	-	-	1,344,569	-	1,344,569
Accounts payable	87,511	15,719	21,744	22,014	706,175	771	853,934
Noe payable, related party	246,768	-	-	-	-	-	246,768
Tenant security deposits	268,251	10,117	140,161	-	60,359	3,715	482,603
Miscellaneous current liabilities	46,374	-	15,460	-	-	-	61,834
Total current liabilities	1,607,414	25,836	177,365	122,014	2,225,577	4,486	4,162,692
Total liabilities	28,610,487	129,689	10,182,367	211,024	5,509,582	590,404	45,233,553
Total net assets	28,077,471	1,583,750	19,055,537	4,379,174	13,502,427	877,035	67,475,394
Total liabilities and net assets	$ 56,687,958	$ 1,713,439	$ 29,237,904	$ 4,590,198	$ 19,012,009	$ 1,467,439	$ 112,708,947

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Activities - Year Ended December 31, 2018

	Total LHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
Revenues and other support:							
Contributions and philanthropic support	$ -	$ -	$ -	$ 1,448,750	$ -	$ -	$ 1,448,750
Grants and awards	-	-	-	557,483	-	-	557,483
Other revenue	1,856	-	6,140	404,370	133,636	-	546,002
Earned fees	(50)	-	-	800,173	313,056	-	1,113,179
Interest and investment income	18,759	3,156	2,707	(137,344)	(6,791)	-	(119,513)
Total revenue and other support	20,565	3,156	8,847	3,073,432	439,901	-	3,545,901
Revenue (expenses), property sales:							
Property sales	-	-	-	-	8,355,000	-	8,355,000
Subsidies, government	-	-	-	-	148,016	-	148,016
Cost of property sales	-	-	-	-	(7,620,653)	-	(7,620,653)
Homebuyer assistance	-	-	-	-	(35,000)	-	(35,000)
Net revenue (expenses) from property sales	-	-	-	-	847,363	-	847,363
Revenue, rental properties:							
Rental revenue	6,698,812	979,964	3,810,054	-	69,245	228,812	11,786,887
Other tenant revenue	139,390	10,958	81,361	-	1,475	-	233,184
Laundry and vending	40,692	7,657	11,307	-	-	-	59,656
Total revenue from rental properties	6,878,894	998,579	3,902,722	-	70,720	228,812	12,079,727
Total sales, revenues and other support	$ 6,899,459	$ 1,001,735	$ 3,911,569	$ 3,073,432	$ 1,357,984	$ 228,812	$ 16,472,991

Better Housing Coalition Inc. and Subsidiaries

Consolidating Statement of Activities - Year Ended December 31, 2018

	Total LIHTC Multifamily	Extended Use Compliance Multifamily	Other Multifamily	Better Housing Coalition (Parent)	Development	Commercial Rental	Total
Operating expenses:							
Personnel and benefits	$ 627,110	$ 112,967	$ 273,955	$ 2,480,861	$ 561,724	$ -	$ 4,056,617
Professional and consulting	123,032	17,385	52,024	120,021	122,064	180	434,706
Travel and training	24,406	3,802	9,949	54,778	9,248	-	102,183
Advertising and marketing	68,388	5,917	23,986	105,795	821	405	205,312
Interest and financial services	1,058,239	83,213	465,107	10,835	92,873	19,006	1,729,273
Taxes and insurance	580,690	103,910	364,232	14,599	48,752	19,016	1,131,199
Dues, memberships and subscriptions	7,778	1,328	3,624	19,885	711	-	33,326
Equipment	39,526	6,676	27,329	15,559	389	-	89,479
Office	88,164	13,173	23,770	47,626	9,621	172	182,526
Bad debt	94,881	4,544	31,057	-	8,775	-	139,257
Occupancy	550	-	-	132,583	-	-	133,133
Utilities	1,019,415	103,073	210,485	9,805	14,779	9,994	1,367,551
Resident services	9,468	2,858	74,877	(36,817)	-	-	50,386
Board and committee	56	56	-	21,255	-	-	21,367
Property operations	913,538	175,547	581,453	3,296	89,379	5,770	1,768,983
Property maintenance and repairs	208,715	37,020	81,765	-	1,871	3,740	333,111
Miscellaneous	181,693	68,912	167,263	4,174	75,000	-	497,042
Telephone and communications	57,713	16,838	34,371	47,347	507	-	156,776
Total operating expenses	5,103,362	757,219	2,425,247	3,051,602	1,036,514	58,283	12,432,227
Change in net assets before depreciation and amortization	1,796,097	244,516	1,486,322	21,830	321,470	170,529	4,040,764
Depreciation	2,451,136	373,478	870,830	6,015	22,133	51,086	3,774,678
Amortization	33,295	33,432	1,993	-	-	-	68,720
Change in net assets	$ (688,334)	$ (162,394)	$ 613,499	$ 15,815	$ 299,337	$ 119,443	$ 197,366