

**MUTUAL HOUSING ASSOCIATION OF  
SOUTHWESTERN CONNECTICUT, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND  
REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
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**FOR THE YEAR ENDED DECEMBER 31, 2019**

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### ***Independent Auditor's Report***

To the Board of Directors of  
Mutual Housing Association of Southwestern Connecticut, Inc.

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Mutual Housing Association of Southwestern Connecticut, Inc. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statement of activities 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 Friendship House Apartments Limited Partnership, an affiliate, whose statements reflect total assets of \$19,269,937 and total revenue of \$2,570,612 for the year ended December 31, 2019. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report 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 from 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mutual Housing Association of Southwestern Connecticut, Inc. and its subsidiaries as of December 31, 2019, 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**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental schedule of consolidating information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2020, on our consideration of Mutual Housing Association of Southwestern Connecticut, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
June 30, 2020

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2019**

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**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 957,717
Cash and Cash Equivalents - Restricted	354,414
Tenant Accounts Receivable, net of Allowance	76,919
Accounts Receivable - Subsidy	129,920
Accounts Receivable - Other	13,035
Prepaid Expenses	97,846
Total Current Assets	<u>1,629,851</u>

**Restricted Deposits**

Tenant Security Deposits	343,093
Escrow Deposits	321,134
Replacement Reserves	1,736,870
Other Reserves	1,524,513
Total Restricted Deposits	<u>3,925,610</u>

**Rental Property**

Buildings and Improvements	82,956,046
Site Improvements	445,025
Furniture and Equipment	1,397,791
Total Depreciable Assets	<u>84,798,862</u>
Less: Accumulated Depreciation	<u>(29,205,761)</u>
Net Depreciable Assets	55,593,101
Land	3,748,918
Construction in Progress	788,705
Total Rental Property	<u>60,130,724</u>

**Other Assets**

Notes Receivable, net of Loss Reserve	449,997
Organizational Costs, net of Amortization	93,951
Other Assets	90,685
Total Other Assets	<u>634,633</u>
Total Assets	<u><u>\$ 66,320,818</u></u>

*The accompanying notes are an integral  
part of this financial statement.*

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**  
**AS OF DECEMBER 31, 2019**

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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable - Operations	\$ 600,558
Accounts Payable - Construction	254,818
Accrued Wages and Related Liabilities	27,236
Accrued Interest Payable	28,500
Accrued Liabilities - Other	46,826
Line of Credit	278,447
Unearned Revenue	6,506
Current Portion of Long-Term Debt	678,258
Total Current Liabilities	1,921,149

**Deposits Liability**

Tenant Security Deposits	361,413
Membership Fees	335,568
Total Deposits Liability	696,981

**Noncurrent Liabilities**

Mortgages Payable, Amortizing, net of Debt Issuance Costs	13,684,782
Mortgages Payable, Nonamortizing	22,523,812
Other Notes Payable	222,310
Accrued Interest Payable	2,979,841
Asset Management Fees Payable - Related Party	283,516
Total Noncurrent Liabilities	39,694,261
Total Liabilities	42,312,391

**Net Assets**

Net Assets without Donor Restrictions	20,190,860
Net Assets with Donor Restrictions	3,817,567
Total Net Assets	24,008,427
Total Liabilities and Net Assets	\$ 66,320,818

*The accompanying notes are an integral part of this financial statement.*

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Gross Rental Revenues	\$ 4,000,797	\$ -	\$ 4,000,797
Tenant Assistance	3,444,231	-	3,444,231
Less: Vacancies and Concessions	(490,531)	-	(490,531)
Net Rental Revenue	6,954,497	-	6,954,497
Local Grants and Contributions	83,996	-	83,996
Federal and State Grants	194,081	75,000	269,081
Fees for Services	228,401	-	228,401
Other Revenue	263,458	-	263,458
Net Assets Released from Restrictions	783,533	(783,533)	-
<b>Total Revenue</b>	8,507,966	(708,533)	7,799,433
<b>Operating Expenses</b>			
<i>Program:</i>			
Payroll and Benefits	1,311,922	-	1,311,922
Professional Fees	167,621	-	167,621
Offices Expenses	236,798	-	236,798
Miscellaneous	67,371	-	67,371
Tenant Services	129,662	-	129,662
Utilities	869,940	-	869,940
Operating and Maintenance	1,100,072	-	1,100,072
Taxes and Insurance	1,050,476	-	1,050,476
Total Program	4,933,862	-	4,933,862
<i>Management and General:</i>			
Payroll and Benefits	370,166	-	370,166
Professional Fees	410,426	-	410,426
Offices Expenses	45,441	-	45,441
Miscellaneous Administrative Expenses	86,538	-	86,538
Taxes and Insurance	25,773	-	25,773
Total Management and General	938,344	-	938,344
<i>Fundraising:</i>			
Miscellaneous Administrative Expenses	3,867	-	3,867
Total Fundraising	3,867	-	3,867
<b>Total Operating Expenses</b>	5,876,073	-	5,876,073
<b>Net Operating Income (Loss)</b>	2,631,893	(708,533)	1,923,360
<b>Other Income (Expenses)</b>			
Related Party Fees	(30,414)	-	(30,414)
Capital Grant Income	77,204	-	77,204
Interest Income	54,421	-	54,421
Interest Expense	(1,250,021)	-	(1,250,021)
Loss on Disposal of Assets	(16,631)	-	(16,631)
Depreciation & Amortization Expense	(2,397,224)	-	(2,397,224)
<b>Total Other Income (Expenses)</b>	(3,562,665)	-	(3,562,665)
<b>Change in Net Assets</b>	(930,772)	(708,533)	(1,639,305)
<b>Net Assets, Beginning - Restated</b>	21,121,632	4,526,100	25,647,732
<b>Net Assets, Ending</b>	\$ 20,190,860	\$ 3,817,567	\$ 24,008,427

*The accompanying notes are an integral  
part of this financial statement.*

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Cash Flows from Operating Activities:</b>	
Net Income (Loss)	\$ (1,639,305)
Adjustments to Reconcile Net Income (Loss) to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation	2,384,062
Amortization	13,162
Amortization of Debt Issuance Costs	9,258
Loss on Disposal of Assets	16,631
Deferred Interest on Debt	196,818
Change in Operating Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable - Tenants	94,756
(Increase) Decrease in Accounts Receivable - HUD	(85,914)
(Increase) Decrease in Accounts Receivable - Other	(198,366)
(Increase) Decrease in Prepaid Expenses	(1,109)
(Increase) Decrease in Other Assets	1,024,262
Increase (Decrease) in Accounts Payable	(145,110)
Increase (Decrease) in Accrued Expenses	(11,077)
Increase (Decrease) in Unearned Revenue	(22,560)
Increase (Decrease) in Accrued Interest Payable	(36,802)
Net Cash Provided by (Used in) Operating Activities	<u>1,598,706</u>
<b>Cash Flows from Investing Activities:</b>	
Net Change in Escrows	164,896
Net Change in Replacement Reserve	(280,798)
Net Change in Other Reserves	(87,818)
Purchases of Property & Equipment	(571,733)
Net Cash Provided by (Used in) Investing Activities	<u>(775,453)</u>
<b>Cash Flows from Financing Activities:</b>	
Proceeds from Acquisition of Debt	387,022
Principal Payments on Debt	(1,146,416)
Net Cash Provided by (Used in) Financing Activities	<u>(759,394)</u>
<b>Net Increase (Decrease) in Cash and Restricted Cash</b>	<b>63,859</b>
<b>Cash and Restricted Cash - Beginning</b>	<u><b>1,591,365</b></u>
<b>Cash and Restricted Cash - Ending</b>	<u><u><b>\$ 1,655,224</b></u></u>
<i>Reconciliation of Cash and Restricted Cash Balances:</i>	
Cash and Cash Equivalents	\$ 957,717
Cash and Cash Equivalents - Restricted	354,414
Tenant Security Deposits	343,093
Total Cash and Restricted Cash	<u>1,655,224</u>
<i>Supplemental disclosure of cash flow information:</i>	
Cash Paid During the Year For:	
Interest	<u><u>\$ 1,007,143</u></u>

*The accompanying notes are an integral part of this financial statement.*



**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – ORGANIZATION**

Mutual Housing Association of Southwestern Connecticut, Inc., also known as Connecticut Housing Partners (CHP), is a NeighborWorks® America chartered affiliate and not-for-profit agency organized to encourage the prevention and elimination of neighborhood deterioration. The Organization's mission is to create and sustain housing, revitalize neighborhoods and enhance the quality of life for low- and moderate-income residents of Fairfield County, Connecticut.

NeighborWorks® America is a public, congressionally chartered nonprofit organization that receives a direct federal appropriation of funds. NeighborWorks® is not a federal agency, but a recipient of federal funds. Thus, its chartered organizations are sub-recipients of these federal funds.

***Principles of Consolidation***

The consolidated financial statements of Mutual Housing Association of Southwestern Connecticut, Inc. and Subsidiaries were prepared for the purpose of presenting, in a consolidated format, the financial position and results of operations of the following entities, which are controlled by the same board:

Certain companies included in the consolidation are organized as limited liability companies and, as such, the members' liability is limited to their capital contributions.

CHP Operations consist of the following:

Operating Fund represents all activity not specific to another fund.

Capital Projects Fund consists of resources used for property development.

Revolving Loan Funds consist of the Bridgeport and Norwalk Revolving Loan Funds. The Bridgeport Revolving Loan Fund consists of resources designated for providing loans to homeowners in specific target neighborhoods in Bridgeport, Connecticut, for home improvement and rehabilitation, grants for real property improvements, and various community development projects. The Norwalk Revolving Loan Fund consists of resources designated to encourage the cooperative efforts of neighborhood representatives, city government and participating lending institutions in a combined effort to stem the deterioration of housing in Norwalk, Connecticut, by providing loans for home improvement and acquisition.

CHP is the sole member owner of various special purpose entities created to own and operate certain properties consisting of the following:

20-28 Fairfield Commons LLC is a limited liability company organized to own and operate multi-family homes consisting of nineteen (19) units located on 20-28 Fairfield Avenue in Stamford, Connecticut, and to provide supportive services to residents.

Fairfield Commons I, Inc. is a nonprofit corporation organized to provide housing facilities for individuals with disabilities and to provide services specially designed to meet their physical, social and psychological needs. CHP owns Fairfield Commons I, a six (6) unit residential development located in Stamford, Connecticut.

MHA Fairfield Commons II, LLC is a limited liability company organized for acquiring, renovating and developing six (6) units known as Fairfield Commons II, Supportive Housing in Stamford, Connecticut. This development is being funded utilizing the State of Connecticut Department of Housing funds, and CHP does not have any partners in this project.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – ORGANIZATION (CONT'D)**

Parkside Gables Fund represents the activity of managing Parkside Gables, a sixty-nine (69) unit residential development on Stamford's West Side. The development provides housing for low to moderate income families.

MHA Merton House LLC is a limited liability company organized to develop twenty-two (22) Residential units for low income families and women coming out of foster care in Bridgeport, Connecticut.

Greenfield Commons, Inc. is a nonprofit corporation organized to provide elderly and handicapped persons with housing facilities and services specially designed to meet their physical, social and psychological needs. The Corporation is governed by CHP's board. The Corporation owns Greenfield Commons, a ten (10) unit residential development located in Fairfield, Connecticut.

Woodward Cliffs Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed December 11, 1995, to acquire an interest in real property located in Norwalk, Connecticut, and to rehabilitate and operate thereon a residential housing project complex of six (6) units, under Section 42 of Internal Revenue Code, as a “qualified low-income housing project”. The 1% general partner of the partnership, Woodward Cliffs Development Corporation, is a for-profit company owned 100% by CHP. The 99% limited partner of the partnership is MHA Woodward Cliffs, LLC, which is a limited liability company of which CHP is the 100% managing member.

CHP also acts as the controlling member of several limited partnership entities which consist of the following:

Friendship House Apartments Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed June 24, 2003, to acquire an interest in real property located in Stamford, Connecticut, and to rehabilitate and operate thereon a residential housing complex of one hundred twenty-one (121) units, under Section 42 of the Internal Revenue Code as a “qualified low-income housing project”. The .01% general partner of the partnership, NNI/MHA Friendship, Inc., is a nonprofit organization in which the board of directors is jointly controlled by CHP and New Neighborhoods, Inc.

Yale Street Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed September 24, 1996, to acquire an interest in real property located in Bridgeport, Connecticut, and to rehabilitate and operate thereon a residential housing project complex of forty-four (44) units, under Section 42 of Internal Revenue Code, as a “qualified low-income housing project”. The 0.1% general partner of the partnership, Yale Street Mutual Housing Association, Inc., in which the board of directors is directly controlled by CHP.

Maplewood School Apartments Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed December 5, 1994, to acquire an interest in real property located in Bridgeport, Connecticut, and to rehabilitate and operate thereon a residential housing project complex of thirty-two (32) units, under Section 42 of Internal Revenue Code, as a “qualified low-income housing project”. The 1% general partner of the partnership, Maplewood Court Mutual Housing Association, Inc., in which the board of directors is directly controlled by CHP.

Huntington Senior Housing Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed January 21, 2003, to acquire an interest in real property located in Trumbull, Connecticut, and to rehabilitate and operate thereon a residential housing project complex of forty (40) units, under Section 42 of Internal Revenue Code, as a “qualified low-income housing project”. The general partner of the partnership is controlled by CHP.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – ORGANIZATION (CONT'D)**

Trinity Park Apartments Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed on September 29, 2011 to acquire, construct and operate a housing project for low-income and very low-income families in Stamford, Connecticut and to rehabilitate and operate thereon a residential housing complex of forty-eight (48) units, known as Trinity Park Apartments (the Project), under Section 42 of the Internal Revenue Code as a “qualified low-income housing project”. The .01% general partner is controlled by CHP.

Wilton Commons Apartments Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed November 20, 2010, to acquire an interest in real property located in Wilton, Connecticut, and to rehabilitate and operate thereon a residential housing project complex consisting of fifty-one (51) units, under Section 42 of Internal Revenue Code, as a “qualified low-income housing project”. The general partner of the partnership, Wilton Commons GP, Inc., is a nonprofit organization in which the board of directors is jointly controlled by CHP and Wilton Commons, Inc. During the development and compliance period, CHP has special fiscal and management rights.

Wilton Commons 2, LLC was organized under the laws of the State of Connecticut as a limited liability company on March 6, 2014 to acquire an interest in real property located in Wilton, Connecticut and to develop and operate a twenty-three (23) unit congregate housing facility. This development was developed using funds from the State of Connecticut Department of Housing. CHP is a 50% member of Wilton Commons 2, LLC.

All significant intercompany accounts and transactions are eliminated in consolidation.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

CHP’s records are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Estimates**

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

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the net assets of CHP and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions are not subject to donor-imposed stipulations or the restrictions have expired and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be designated for specific purposes by action of the Board of Directors.

Net Assets with Donor Restrictions are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization or that expire by the passage of time. Donor restricted net assets consist of funding provided by NeighborWorks® America and is restricted until actions are completed by CHP and HUD Capital Grant funding restricted until time requirements are met.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measure of Operations**

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Organization's ongoing housing activities. Nonoperating activities are limited to return from investments (primarily restricted reserves), financing activities such as interest on debt, depreciation of long-lived assets and other non-budgeted activities considered to be of a more unusual or nonrecurring nature.

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Supportive services costs include an allocation of salary, as well as management and bookkeeping fees charged by the West Hartford Housing Authority. There are no allocations made between program and supporting activities.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, CHP considers all highly liquid debt instruments purchased with maturity of one year or less to be cash equivalents. CHP's cash balances are insured by the Federal Deposit Insurance Corporation. At times, these balances may exceed the Federal insurance limits; however, CHP has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2019.

**Restricted Cash**

The amount included in restricted cash consists of security deposits held in trust for the future benefit of tenants upon moving out of the property as required by the regulatory authority.

**Restricted Deposits**

The restricted deposits have been established in amounts considered by the Mortgagee to be adequate and in accordance with the regulatory agreement and permanent loan documents. Use of the accounts is restricted as defined in the regulatory agreement and by the lender, and therefore, has been excluded from cash in the accompanying Balance Sheets and for cash flow purposes.

**Tenant Accounts Receivable**

CHP carries its receivables at cost less an allowance for doubtful accounts. On a periodic basis, CHP evaluates its tenant accounts receivable and establishes an allowance for doubtful accounts. The allowance for doubtful accounts for the year ended December 31, 2019 was \$23,280.

**Capitalization and Depreciation**

Buildings, equipment and improvements are carried at cost. Depreciation is provided for in amounts sufficient to the related cost of depreciable assets placed in service to operations over their estimated service lives using straight-line methods. Improvements will be capitalized, while expenditures for maintenance and repairs will be charged to expenses as incurred. Upon disposal of depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Impairment of Long Lived Assets**

CHP reviews the carrying value of property for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairment loss has been recognized as of December 31, 2019.

**Loans and Allowances for Credit Losses**

The Revolving Loan Fund (RLF) makes home improvement loans in its target neighborhoods to homeowners who are generally unable to qualify for credit from banks. The RLF also makes loans to commercial property owners within these target neighborhoods for commercial improvements or acquisition for their own businesses. Loans are made with repayment terms and at interest rates based on each borrower's financial condition. Loans are reflected at amortized cost (unpaid principal balances reduced by any partial charge-offs or valuation allowances) less a general allowance for credit losses.

Loan funds are provided to CHP by various sources pursuant to contracts that stipulate that the funds are to be maintained in revolving loan funds to be used for the purpose noted above.

The RLF considers a loan to be impaired when, in management's judgment, current information and events indicate it was probable that collection of all amounts due according to the contractual terms of the loan agreement will not be met. Impaired loans are reflected at fair value, which is generally determined based on collateral values.

Interest on loans is reflected as revenue based on rates applied to principal amounts outstanding. The accrual of interest revenue is generally discontinued when a loan becomes past due 90 days or more as to contractual payments of principal or interest or is determined to be impaired.

An allowance for credit losses has been established by provisions charged to expense, decreased by charge-offs, net of recoveries. This allowance represents an amount which, in management's judgment, was adequate to absorb possible losses on loans that may become uncollectible based on such factors as past loan loss experience, changes in the nature and volume of the loan portfolio, current and prospective economic conditions that may affect the borrowers' ability to pay, overall portfolio quality and review of specific problem loans. An allowance for impaired loans is provided, when appropriate, if carrying values exceed collateral values.

**Below Market Loans**

CHP's activities include the development of low-income housing. Various government agencies, foundations and other not-for-profit organizations having a similar mission to foster low-income housing have lent money to CHP at advantageous terms. CHP has not discounted these below market loans.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Debt Issuance Costs and Amortization**

Amortizations are shown net of accumulated amortization. Organizational costs and other startup costs are amortized (to the extent allowed) over a period of 15 years. Tax credit fees are amortized over the fifteen-year Low-Income Tax Credit Compliance period. Debt issuance costs are amortized over the term of the mortgage loans (40 years) and are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing fees; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

**Rental Income**

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between CHP and its tenants are operating leases.

**Advertising**

CHP expenses the costs of advertising at the time the advertising takes place.

**Contributions**

CHP recognizes promises to give as contributions when such promises are received and terms are confirmed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of its estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

**Government Grants**

Governmental grants are generally considered to be exchange transactions rather than contributions. Revenue from cost reimbursement grants is recognized to the extent of costs incurred. Revenue from performance based contracts is recognized to the extent of performance achieved. Grant receipts in excess of revenue recognized are presented as deferred revenue.

**Distributions and Transfers**

The Regulatory and/or Partnership Agreement's related to CHFA financed and/or limited partnership projects prohibit the distribution of assets or income without approval, other than as calculated in the computation of surplus cash as defined in the Agreement. As such, the financial resources of the underlying projects are restricted from use other than approved surplus cash and are not available for general use.

**Income Tax Structure**

Under provisions of the U.S. Internal Revenue Code, section 501(c)(3), CHP is exempt from taxes on income, other than unrelated business income, and accordingly does not record a provision for income taxes on its related earnings. CHP regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax-exempt status, unrelated business income, and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based on the technical merits of such positions. Therefore, management has concluded that no tax benefits or liabilities are required to be recognized. For the year ended December 31, 2019, CHP did not have any unrelated business income. In addition, CHP qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Income tax returns filed by CHP are subject to examination by the Internal Revenue Service for a period of three years.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Change in Accounting Principle**

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18 on Restricted Cash to eliminate inconsistencies in its presentation in the statement of cash flows, thereby reducing the diversity in practice. This ASU amended prior guidance on the presentation of restricted cash and now requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown in the statement of cash flows. The ASU also requires an entity to disclose information about the nature of restricted cash, as well as provide a reconciliation of cash, cash equivalents and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended December 31, 2019. As a result, ending cash and restricted cash on the statement of cash flows as of December 31, 2018 were increased from \$893,955 to \$1,585,796.

**NOTE 3 – NET ASSETS – RESTATED**

Net assets were restated due to a correction of an error in the prior period and are not included as part of the results of operations of the current period. Instead, such adjustments are properly reported as a direct adjustment to the Beginning Net Assets to restate that amount to which it would have been had the error not occurred. The prior period adjustments for the year ending December 31, 2019 resulted in an aggregate increase of total net assets of \$635,000. This represents the correction of accrued management fees no longer collectible from the former Trinity Mutual Housing partnership of \$360,000 and \$275,000 in grant proceeds for the Federal Home Loan Bank of Boston for redevelopment of Trinity Park Apartments.

**NOTE 4 – AVAILABILITY AND LIQUIDITY**

The following represents CHP's financial assets as of December 31, 2019:

Financial assets at yearend:	
Cash and Cash Equivalents	\$ 1,312,131
Receivables	219,874
Restricted Deposits	<u>3,925,610</u>
Total Financial Assets	\$ 5,457,615
Less amounts not available to be used within one year:	
Restricted Deposits	<u>2,918,290</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,539,325</u>

Restricted deposits not available for use represent resident security deposits and lender held reserves restricted from use by CHFA or HUD. Further, multifamily program requirements generally prohibit the accumulation of liquidity reserves related to a project's operations. CHP does not otherwise have a formal policy to address liquidity.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 5 – NOTES RECEIVABLE**

Outstanding loan bears interest at various rates with specific maturity dates determined at the time the loan is made. Various loans are collateralized by real estate located in Southwestern Connecticut. Such loans were funded through a variety of sources including Community Development Block Grants (CDBG), the City of Bridgeport and other grantors. The ability to collect on the loan portfolio is susceptible to changes in real estate market conditions in the area. There are no mortgage receivables that are past due more than 90 days that still accrue interest. Management has estimated an allowance for doubtful accounts on these receivables in the amount of \$867,317, as of December 31, 2019.

**Developer Fee Receivable**

CHP entered into agreements to provide consulting and developing services to various subsidiaries. The amounts due have no specific repayment terms and are noninterest bearing. The total amount due to CHP that have been eliminated in consolidation was \$1,001,300.

**Trinity Park Apartments LP**

Operating Fund has notes receivable from Trinity Park Apartments LP, a subsidiary of CHP, for \$106,173 and \$105,000. The mortgages are payable from net cash flow in monthly installments of interest only at .5%, compounded annually. The notes mature in August 2055 when the entire principal and accrued interest balance is due and payable. The loans are secured by a mortgage on the property.

Trinity Park Mutual Housing, L.P. has a note receivable from Trinity Park Apartments LP, a subsidiary of CHP, for \$2,756,500. The note bears interest at 2.82%, compounded annually and shall be paid from Operating Cash Flow, to the extent available. The note matures in August 2055 when the entire principal and accrued interest balance is due and payable. The loan is secured by a mortgage on the property.

**Friendship House**

Capital Projects Fund has a note receivable from Stamford Affordable Housing, Inc. ("SAHI") for the development of Friendship House. The payment on the loan is equal to 49.99% of the loan proceeds received by SAHI on its underlying acquisition note to Friendship House Apartments Limited Partnership ("Friendship House") for \$5,473,491. SAHI is only obligated to make payment on this note to the extent it receives proceeds on the acquisition note with Friendship House. The note between SAHI and Friendship House bears interest at 4.50% and is payable from Operating Cash Flow of Friendship House. The note is due and payable on March 19, 2049. The note is secured by the property owned by Friendship House.

Capital Projects Fund has a note receivable from NNI/MHA Friendship, Inc. for \$100,000. The funds are to be used to complete the renovations of Friendship House. The loan is noninterest bearing and is due and payable in forty (40) years (June 2049).

**Wilton Commons Apartments LP**

Operating Fund has a note receivable from Wilton Commons Apartments LP, a subsidiary of CHP, for \$190,598. The mortgage is payable from net cash flow in monthly installments of interest only at .5%, compounded annually. The note matures in April 2052 when the entire principal and accrued interest balance is due and payable. The loan is secured by a mortgage on the property.

**Maplewood School Apartments LP**

Capital Projects Fund has a note receivable from Maplewood School Apartments LP for funds advanced for capital improvements. The loan is noninterest bearing and has no specific repayment terms.

**Habitat for Humanity**

Capital Projects Fund has a note receivable from Habitat for Humanity of Coastal Fairfield County. The loan is non-interest bearing. Payments of \$571 are made quarterly. The loan is due and payable in 2045.



**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 5 – NOTES RECEIVABLE (CONT'D)**

**Trumbull Townhomes LLC**

Revolving Loan Fund has various notes receivable from the buyers of the Trumbull Townhomes, LLC units for a total amount of \$250,000. The notes are due upon the earlier of i) sale to a non-qualified buyer, ii) refinancing (except for the purpose of obtaining a lower interest rate), or iii) forty years (2044). In forty years, if the owner is at or below 80% of the Area Median Income, the note will be forgiven. The loans are secured by mortgages on the properties subordinate to other mortgages. Management has estimated an allowance for doubtful accounts of \$125,000.

**Spruce Street Townhomes LLC**

Revolving Loan Fund has nineteen (19) notes receivable from the buyers of the Spruce Street Townhomes, LLC units for a total amount of \$144,950. The notes are due upon the earlier of i) sale to a non-qualified buyer, ii) refinancing (except for the purpose of obtaining a lower rate), or iii) forty years (2045). In forty years, if the owner is at or below 80% of the Area Median Income, the notes will be forgiven. The loans are secured by mortgages on the properties subordinate to other mortgages. Management has estimated an allowance for doubtful accounts of \$72,475.

**NeighborWorks America**

Loans totaling \$217,000 were funded by NeighborWorks America. Pursuant to the NeighborWorks Restricted Capital (NRC) contract with the Organization, any earnings on NRC net assets may be used to fund the costs of operating the revolving loan fund so long as the revolving loan fund balance does not go below \$100,000. Pursuant to the grant agreement with Connecticut Light & Power, the first \$5,000 of income earned for each period may be used to fund the costs of operating the loan fund.

Summary note receivable activity is as follows:

	Beginning	Additions	Deductions	Ending
Developer Fee Receivable	\$ 1,094,274	\$ -	\$ (92,974)	\$ 1,001,300
Trinity Park - Seller Note	3,033,270	94,038	-	3,127,308
Trinity Park - Sponsor Loans	211,173	-	-	211,173
Friendship House	3,425,088	149,550	(152,638)	3,422,000
Friendship House - Capital	100,000	-	-	100,000
Maplewood School Apartments	289,750	-	-	289,750
Wilton Commons - Sponsor Loan	190,598	-	-	190,598
Trumbull Townhomes	125,000	-	-	125,000
Spruce Street Townhomes	72,475	-	-	72,475
Habitat for Humanity	65,150	-	(1,143)	64,007
CDBG	199,496	-	(9,502)	189,994
City of Bridgeport	363,836	-	(4,154)	359,682
CL&P, Goodman, NHS, STC	166,277	-	(1,121)	165,156
NeighborWorks America	217,000	-	-	217,000
Revolving Loans - Other	24,000	-	-	24,000
Total Notes Receivable	9,577,387	243,588	(261,532)	9,559,443
Less: Eliminations	(8,244,153)	(243,588)	245,612	(8,242,129)
Less: Allowance	(516,776)	-	(350,541)	(867,317)
Net Notes Receivable	\$ 816,458	\$ -	\$ (366,461)	\$ 449,997

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 6 – LONG-TERM DEBT**

**Merton House LLC**

MHA Merton House LLC has a note payable of \$200,000 with the City of Bridgeport. The HOME loan is noninterest bearing and is secured by a certain property. The loan is due and payable on August 27, 2029.

MHA Merton House LLC has a loan with CHFA that allows for borrowings up to \$6,375,521. Principal advances are accruing interest at a rate of 4% per year. The note shall mature upon the earlier of i) a "Capital Transaction", or ii) November 1, 2040. No payments of interest or principal are due and payable during the term of the loan until maturity unless there is surplus cash present. The note is secured by the property.

**20-28 Fairfield Commons**

MHA 20-28 Fairfield Commons, LLC has received a mortgage from Housing Development Fund, Inc. for \$1,225,000. The loan is payable in monthly installments of principal and interest (5%) over a 30-year amortization schedule. The loan is due and payable on February 1, 2047. The loan is secured by the real property. The agreement requires that at least 30% of Project units must be used as low to moderate income units or special needs units.

MHA 20-28 Fairfield Commons, LLC has received an additional mortgage from Housing Development Fund, Inc. for \$100,000. The loan accrues interest at 3% and interest only payments are to be made during the term of the loan. The loan along with accrued interest is due and payable on December 1, 2019. The loan is secured by the real property.

MHA 20-28 Fairfield Commons, LLC has assumed loans of \$44,900 and \$45,000 from the City of Stamford. The loans are noninterest bearing and are secured by a certain property. The loans are due and payable on August 1, 2028.

**Fairfield Commons I, Inc.**

MHA Fairfield Commons I, Inc. has a promissory note with the City of Stamford that provides for a loan of \$80,000 for the rehabilitation of 4 rental housing units located at 30 Fairfield Avenue in Stamford, Connecticut. The loan is noninterest bearing and is due on June 24, 2040. The loan is secured by the property.

MHA Fairfield Commons I, Inc. has a promissory note with the City of Stamford that provides for a loan of \$120,000 for the purpose of constructing the first 6 unit phase of a two phase project comprised of 12 rental housing units located at 30 Fairfield Avenue in Stamford, Connecticut. The loan is noninterest bearing and is due in 2041. The loan is secured by the property.

**Fairfield Commons II, Inc.**

MHA Fairfield Commons II, LLC has a loan with the State of Connecticut that provides for a loan of \$1,187,000 for the purpose of constructing the second 6 unit phase of a two phase project comprised of 12 rental housing units located at 20b Fairfield Avenue in Stamford, Connecticut. The loan is noninterest bearing and is due in 2047. The loan is secured by the property.

MHA Fairfield Commons II, LLC has a promissory note with the City of Stamford that provides for a loan of \$120,000 for the purpose of constructing the second 6 unit phase of a two phase project comprised of 12 rental housing units located at 20b Fairfield Avenue in Stamford, Connecticut. The loan is noninterest bearing and is due in 2041. The loan is secured by the property.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 6 – LONG-TERM DEBT (CONT'D)**

**Parkside Gables**

Parkside Gables has a loan with the City of Stamford HOME Program that allows for borrowings up to \$100,000. The loan is noninterest bearing and is due on July 10, 2043. The loan is secured by the property.

**Trinity Park Apartments LP**

Trinity Park Apartments, LP has a 4.50% permanent mortgage loan with People's United Bank, National Association in the amount of \$1,000,000. Beginning February 1, 2018, principal and interest are payable in monthly installments of \$5,105 through December 2037. The building is pledged as collateral for the loan. The partnership is required to maintain a debt service coverage ratio of not less than 1.20 to 1.00.

Trinity Park Apartments, LP has assumed a loan along with accrued interest from Trinity Park Mutual Housing, LP payable to the City of Stamford. The note bore interest at 6.83%. The building is pledged as collateral on the loan. In December 2017, the partnership entered into a Modification and Subordination Agreement with the City. Under this Agreement, the interest rate was replaced with 0% and the maturity date is December 1, 2047, at which time the entire principal balance will be due.

Trinity Park Apartments, LP entered into a loan agreement with the City of Stamford to receive \$350,000 under the City of Stamford Affordable Housing Linkage Program. The loan will bear no interest and will be due and payable on August 14, 2045. The loan is secured by the building. At December 31, 2019, the outstanding balance and unreleased portion of the loan was \$315,000 and \$35,000, respectively.

Trinity Park Apartments, LP has a \$220,000 noninterest bearing loan with the City of Stamford HOME program. The loan matures on September 12, 2054. The note is secured by a mortgage on 78 Spruce Street in Stamford.

Trinity Park Apartments, LP has received a note totaling \$2,756,500 from Trinity Park Mutual Housing Limited Partnership (Seller) as part of financing agreement for purchase of the property. The note accrues interest at 2.82% compounded annually. Annual principal and interest payments due from operating cash flow, if available. All unpaid principal and accrued interest shall become due in August 2055. The buildings are pledged as collateral on the loan.

Trinity Park Apartments, LP has a loan with CHFA in the amount of \$673,000. The loan accrues interest at 1% annually with a maturity date of December 1, 2047. No payments of interest or principal are due and payable during the term of the loan until maturity unless there is surplus cash present. 20% of surplus cash, as defined, shall be applied to reduce any outstanding accrued interest and principal. The building is pledged as collateral for the loan.

Trinity Park Apartments, LP has a loan due to CHP of \$106,173. The loan is payable in monthly installments of interest only at .5%, compounded annually. The loan is due and payable on August 14, 2055. The loan is secured by a mortgage on the property.

Trinity Park Apartments, LP has a loan due to CHP of \$105,000. The loan is payable in monthly installments of interest only at .5%, compounded annually. The loan is due and payable on August 14, 2055. The loan is secured by a mortgage on the property.

Trinity Park Apartments, LP has a loan due CHP, funded by the Federal Home Loan Bank of Boston - Affordable Housing Program. The loan bears no interest and will be due and payable on December 1, 2047. The loan is secured by a mortgage on the property.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 6 – LONG-TERM DEBT (CONT'D)**

**Maplewood School Apartments LP**

Maplewood School Apartments Limited Partnership has a loan with the City of Bridgeport. The loan is noninterest bearing and is due and payable in September 2023. The buildings are pledged as collateral on the loan.

Maplewood School Apartments Limited Partnership has a loan with the Bridgeport HOME Program. The loan is noninterest bearing. Principal is due and payable July 15, 2037. The buildings are pledged as collateral on the loan.

Maplewood School Apartments Limited Partnership has received a note under the Community Development Block Grant Program through the City of Bridgeport. The note is noninterest bearing. Principal is due and payable in July 2037. The buildings are pledged as collateral on the loan.

Maplewood School Apartments Limited Partnership has received a note from the Housing Authority of the City of Bridgeport. The note is noninterest bearing. Principal payments in the amount of \$2,000 per annum are due from available cash flow. All unpaid principal shall become due in November 2037. The buildings are pledged as collateral on the loan.

Maplewood School Apartments Limited Partnership has a note with EHI Development Fund (a related party of the limited partner). The note is noninterest bearing and is to be paid from excess cash, cash from sales or cash from refinancing. Any unpaid principal is due and payable in July 2032. The buildings are pledged as collateral on the loan.

Maplewood School Apartments Limited Partnership has a 3% permanent mortgage loan with CHFA for the original amount of \$878,700. Principal and interest are payable in monthly installments of \$3,146 through September 2042. The buildings are pledged as collateral on the loan. The Partnership has not been able to make all required payments on the mortgage and related reserve accounts. The Partnership is in the process of re-syndicating with CHFA with an anticipated closing during 2020.

Maplewood School Apartments Limited Partnership has a note with CHP funded by NeighborWorks America. The note is noninterest bearing and will be due in the event of default of the agreement.

**Huntington Senior Housing LP**

Huntington Senior Housing Limited Partnership has a note payable to the Department of Economic and Community Development under the HOME loan program. The loan accrues interest at 1%. The entire outstanding principal balance and accrued interest of \$162,758 are due and payable April 2042. The loan is secured by the building.

Huntington Senior Housing Limited Partnership has a 4% permanent mortgage loan with CHFA for the original amount of \$1,094,300. Principal and interest are payable in monthly installments of \$4,845 through June 2044. The buildings are pledged as collateral on the loan.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 6 – LONG-TERM DEBT (CONT'D)**

**Yale Street Limited Partnership**

Yale Street Limited Partnership has a permanent mortgage loan with CHFA for the original amount of \$1,505,000. The loan is payable in monthly installments of principal and 4% interest of \$6,474 through April 1, 2040. The buildings are pledged as collateral on the loan.

Yale Street Limited Partnership has a loan with the City of Bridgeport HOME program bearing interest at a rate of 6.02% per year. Principal and accrued interest is due and payable in June 2030. Deferred interest is \$628,333 at December 31, 2019. The buildings are pledged as collateral on the loan.

**Woodward Cliffs LP**

Woodward Cliffs Limited Partnership has a 3% permanent mortgage loan with CHFA. Principal and interest are payable in monthly installments of \$1,476 through October 2026. The apartment project is pledged as collateral on the loan.

Woodward Cliffs Limited Partnership has a note payable to CHP. The loan bears interest at 3% and is payable in monthly installments of principal and interest through April 1, 2015. The loan is secured by a mortgage on the property. The loan is currently in default and has been reflected as a current liability. However, no payment can be made unless surplus cash is available.

Woodward Cliffs Limited Partnership has a note payable due to CHP. The note is payable in monthly installments of interest only at 6% through August 2011 when the entire balance is due and payable. The loan is secured by a mortgage on the property. The loan is currently in default and has been reflected as a current liability. However, no payment can be made unless surplus cash is available.

Woodward Cliffs Limited Partnership has a note payable due to CHP. The note is payable in monthly installments of interest only at 6% through October 2015 when the entire balance is due and payable. The loan is secured by a mortgage on the property. The loan is currently in default and has been reflected as a current liability. However, no payment can be made unless surplus cash is available.

**Wilton Commons Apartments LP**

Wilton Commons Apartments Limited Partnership has a loan with Wilton Commons, Inc. The loan is payable in monthly installments of interest only at 0.5% annually. The unpaid principal amount is due in 2052. The loan is secured by a mortgage on the property.

Wilton Common Apartments Limited Partnership has a loan due to CHP. The loan is payable in monthly installments of interest only at .5% through April 11, 2052 when the entire balance is due and payable. The loan is secured by a mortgage on the property

Wilton Common Apartments Limited Partnership has a loan to the State of Connecticut Department of Economic and Community Development under the HOME loan program. The loan is non-interest bearing and no payments are due under the term of the loan. The balance is due in full on April 22, 2052. The loan is secured by a mortgage on the property.

Wilton Common Apartments Limited Partnership has a permanent mortgage with CHFA in the amount of \$2,100,000. Principal and interest are payable in monthly installments of \$9,781 at an interest rate of 4.75% per annum. The loan is due and payable on June 1, 2054 and is secured by a mortgage on the property.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 6 – LONG-TERM DEBT (CONT'D)**

**Friendship House Apartments LP**

Friendship House Apartments Limited Partnership signed a permanent mortgage with CHFA which requires principal and interest at a per annum rate of 5.50% and is due and payable in equal monthly installments. All remaining unpaid indebtedness and unpaid interest are due February 1, 2051. The loan is secured by a mortgage on the property.

Friendship House Apartments Limited Partnership has an (unsecured) note payable with Stamford Affordable Homes, Inc., a related party, for an original balance of \$5,473,491. Interest accrues and is added to the outstanding balance at 4.50% per annum. No payments of principal or interest shall be made unless there is surplus cash as defined in the Partnership Agreement. The principal balance is due in 2049.

Friendship House Apartments Limited Partnership assumed a loan payable to the City of Stamford, Connecticut in conjunction with the acquisition of the land and building. The loan bears no interest; therefore, the loan balance was discounted to \$51,509. Interest is imputed at 3.52%, which was the applicable Federal rate at the time of the assumption, for the term of the loan. Principal is due on September 24, 2054.

Friendship House Apartments Limited Partnership has a note with the City of Stamford, Connecticut for Community Development Block Grant funds received. The loan will be forgiven in 40 years as long as the property remains as a residence for low income persons, as defined by HUD. If not, the entire principal balance and 10% interest is immediately due and payable.

Friendship House Apartments Limited Partnership has a mortgage with the Connecticut Department of Economic and Community Development for \$2,000,000. No payments shall be made, or interest shall accrue, on the note as long as the Partnership remains in compliance with the terms of the Assistance Agreement. The entire principal balance is due March 19, 2049. The loan is secured by the property.

**CHP – Other Notes Payable**

Operating Fund financed the purchase of two trucks in August 2016 and one in December 2018. The terms of the notes are for six years and requires monthly payments of principal and interest. The notes are secured by the vehicles.

Capital Projects Fund has received an unsecured working capital advance equity equivalent from RBS National Bank. The advance requires semi-annual interest payments of 2% through March 2015. The entire outstanding balance was due March 2015 and was renewed through 2021. The note automatically renews for successive three-year terms.

Capital Projects Fund has received an unsecured working capital advance equity equivalent from RBS National Bank. The advance requires semi-annual interest payments of 2% through October 2016. The entire outstanding balance is due October 2016 and automatically renews for successive three- year terms.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 6 – LONG-TERM DEBT (CONT'D)**

Aggregate annual maturities on all long-term debt for each of the five subsequent years are as follows:

2020	678,258
2021	417,923
2022	275,958
2023	399,570
2024	289,206
Thereafter	<u>43,022,165</u>
	<u>\$ 45,083,080</u>

Summary of long-term debt activity is as follows:

	Beginning	Additions	Deductions	Ending	Due Within One Year
<b>20-28 Fairfield Commons LLC</b>					
Amortizing Debt	\$ 1,191,161	\$ -	\$ (21,472)	\$ 1,169,689	\$ 20,818
Non-Amortizing-HDF	71,635	-	-	71,635	71,635
Non-Amortizing-City of Stamford	89,900	-	-	89,900	-
<b>Fairfield Commons I</b>					
Non-Amortizing-City of Stamford	200,000	-	-	200,000	-
<b>Fairfield Commons II</b>					
Non-Amortizing-DOH	1,102,743	84,257	-	1,187,000	-
Non-Amortizing-City of Stamford	120,000	-	-	120,000	-
<b>Merton House LLC</b>					
Non-Amortizing-City of Bridgeport	200,000	-	-	200,000	-
Non-Amortizing-CHFA	6,375,121	-	-	6,375,121	-
<b>Parkside Gables</b>					
Non-Amortizing-City of Stamford	100,000	-	-	100,000	-
<b>Conger House</b>					
Amortizing Debt	343,405	-	(343,405)	-	-
<b>Yale Street LP</b>					
Amortizing Debt	1,113,591	-	(33,754)	1,079,837	35,129
Non-Amortizing-City of Bridgeport	500,000	-	-	500,000	-
<b>Trinity Park Apartments LP</b>					
Amortizing Debt	985,330	-	(16,505)	968,825	17,308
Non-Amortizing-City of Stamford	678,500	-	-	678,500	-
Non-Amortizing-TPMHLP	2,756,500	-	-	2,756,500	-
Non-Amortizing-CHFA	673,000	-	-	673,000	-
Non-Amortizing-Sponsor	211,173	-	-	211,173	-
Non-Amortizing-FHLB	275,000	-	-	275,000	-

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 6 – LONG-TERM DEBT (CONT'D)**

Summary of long-term debt activity (cont'd):

	Beginning	Additions	Deductions	Ending	Due Within One Year
<b>Maplewood School Apartments</b>					
Amortizing Debt	726,560	-	(16,172)	710,388	16,305
Non-Amortizing-Sponsor	289,750	-	-	289,750	-
Non-Amortizing-LP	150,000	-	-	150,000	-
Non-Amortizing-City of Bridgeport	500,000	-	-	500,000	-
Non-Amortizing-HA of Bridgeport	720,000	-	-	720,000	-
<b>Huntington Senior Housing LP</b>					
Amortizing Debt	928,541	-	(21,390)	907,151	22,263
Non-Amortizing-DECD	1,433,000	-	-	1,433,000	-
<b>Woodward Cliffs LP</b>					
Amortizing Debt	123,479	-	(14,197)	109,282	14,629
Non-Amortizing-Sponsor	109,527	-	-	109,527	-
<b>Wilton Commons Apartments LP</b>					
Amortizing Debt	2,011,787	-	(22,292)	1,989,495	23,374
Non-Amortizing-DECD	3,200,000	-	-	3,200,000	-
Non-Amortizing-Sponsor	650,000	-	-	650,000	-
Non-Amortizing-Sponsor	190,598	-	-	190,598	-
Non-Amortizing-Operating Deficit	269,823	-	-	269,823	-
<b>Friendship House Apartments</b>					
Amortizing Debt	7,505,518	-	(75,874)	7,429,644	80,154
Non-Amortizing-Stamford Homes	6,850,038	300,237	(305,338)	6,844,937	-
Non-Amortizing-DECD	2,000,000	-	-	2,000,000	-
Non-Amortizing-City of Stamford	321,824	2,528	-	324,352	-
<b>Operating Fund</b>					
Truck Loans	123,793	-	(24,840)	98,953	26,643
<b>Capital Projects Fund</b>					
RBS National Bank	500,000	-	-	500,000	350,000
	<u>\$45,591,297</u>	<u>\$ 387,022</u>	<u>\$ (895,239)</u>	<u>\$ 45,083,080</u>	<u>\$ 678,258</u>
Less: Eliminations	<u>(7,352,459)</u>			<u>(7,524,371)</u>	
	<u>\$38,238,838</u>			(678,258)	
			Less: Current Portion	<u>(449,547)</u>	
			Less: Debt Issuance Costs	<u>\$ 36,430,904</u>	
			Long-Term Portion		

**NOTE 7 – LINE OF CREDIT**

CHP has a line of credit with Patriot Bank, which allows borrowings up to \$300,000. The line bears interest at prime plus .5% with a floor of 3.75%, (3.75% at December 31, 2019) which matured on October 1, 2019. The outstanding balance is due on demand and is secured by the assets of the Organization. During the year ended December 31, 2019, CHP incurred and paid interest in the amount of \$4,330.



**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 8 – CAPITAL ADVANCES AND HOUSING TRUST FUND PROGRAMS**

Greenfield Commons entered into a Capital Advance mortgage note and regulatory agreement with HUD. The agreements provided for a capital advance of \$1,308,400 to renovate the property for use. The mortgage note bears no interest and requires no repayment so long as the property remains available for persons that are very low-income, elderly or disabled. The capital advance is secured by a mortgage on the property, which matures July 28, 2048. The capital advance is included in unrestricted net assets on the consolidated statement of financial position.

Fairfield Commons I was awarded a Capital Advance mortgage note and regulatory agreement with HUD under Section 811 of the National Affordable Housing Act. The agreement provides for a capital advance of \$903,500 to renovate the property at 30 Fairfield Avenue. The mortgage note bears no interest or repayment so long as the property remains available for very low-income persons with disabilities for 40 years. The capital advance is secured by a mortgage on the property and matures August 2053.

Wilton Commons 2, LLC was awarded a capital grant from the State of Connecticut Department of Housing under the Affordable Housing Program. The grant funds are available to finance the construction of the development in the amount of \$5,691,764. The Company is required to rent the twenty-three units to persons whose incomes do not exceed 80% of the Area Median Income as determined by HUD.

**NOTE 9 – FEES FOR SERVICES**

CHP provides management services to rental properties for a management fee. The agreements provide for various monthly fees and salary and expense reimbursements. In addition, a bookkeeping fee is charged in accordance with industry standards. The management contracts continue until cancelled by either party. Management fees and Bookkeeping fees earned for the year ended December 31, 2019 were \$218,932 and \$36,470, respectively, of which \$224,970 was eliminated in consolidation. CHP also provides painting and snow removal services to the properties. Total fees earned for services provided were \$177,750 for the year ended December 31, 2019, of which, \$176,250 was eliminated in consolidation.

Yale Street Limited Partnership has entered into a partnership management agreement with CHP, which allows for an annual fee of \$15,000 to the extent excess cash is available. Any unpaid fees shall accrue without interest and be paid in subsequent years. Management fees for any year shall not remain unpaid under the agreement for more than ten years. The agreement expires upon dissolution of the Partnership. Unpaid partnership management fees totaled \$150,000, which is the maximum allowable accrual of the partnership management fee.

Maplewood School Apartments Limited Partnership has entered into a partnership management agreement with CHP, which allows for an annual fee of \$10,000 to the extent excess cash is available. The agreement expires upon dissolution of the Partnership. There was no fee earned for 2019.

Trinity Park Mutual Housing Limited Partnership has entered into a partnership management agreement with CHP, which allows for an annual fee of \$20,000 to the extent excess cash is available. The agreement expires upon dissolution of the Partnership. Unpaid partnership management fees totaled \$360,000, which is the maximum allowable accrual of the partnership management fee.

Wilton Commons Apartments Limited Partnership has entered into a partnership management agreement with CHP, which allows for an annual fee of \$10,000 (increased 3% annually) to the extent excess cash is available. The agreement expires upon dissolution of the Partnership. Unpaid partnership management fees totaled \$61,425 and is included in accrued expenses.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 10 – RETIREMENT PLAN**

The Organization has adopted a tax deferred annuity plan subject to Internal Revenue Code Section 403(b) covering all of its employees except those covered under a collective bargaining agreement if retirement benefits were the subject of good faith bargaining and if 2% or less of the employees covered by that agreement are professionals as defined in the plan. There are no minimum age or service requirements for employee contributions.

Employer contributions are discretionary. The minimum age requirement is 21 with one year of consecutive service (1,000 hours) required for employer contributions. No employer matching contributions are allowed under the plan. There was no retirement benefit expense for the year ended December 31, 2019.

**NOTE 11 – GROUND LEASES**

Norwalk Revolving Loan Fund owns a parcel of land located at 192 Ely Avenue. Norwalk Revolving Loan Fund leases the land to a homeowner at no cost for ninety-nine years expiring in 2090.

CHP entered into a ground lease with Huntington Senior Housing Limited Partnership (HSHLP) for the property known as Huntington Place. HSHLP redeveloped the property in exchange for an annual lease payment of \$1 for seventy-five years. The leases expire on June 1, 2080.

MHA Merton House LLC has paid a sum of \$100,000 to the Bridgeport Roman Catholic Diocesan Corporation for the lease of the land for a period of 75 years terminating on January 1, 2086. Under the operating lease agreement, the property is required to consist of 22 units of affordable rental housing units to support chronically homeless clients of the Catholic Charities and Thomas Merton Homes. The prepaid lease has been capitalized and is amortized over the life of the lease. The remaining balance is \$90,669 at December 31, 2018. Annual amortization for the year ended December 31, 2018 amounted to \$1,333.

MHA Merton House LLC entered into a ground lease with the Housing Authority of the City of Bridgeport. MHA Merton House LLC redeveloped the property in exchange for an annual rent payment of \$10 through August 27, 2084 for the use of certain premises situated in the City of Bridgeport, Connecticut.

Woodward Cliffs Limited Partnership has entered into a ground lease agreement with Fairfield County Mutual Housing, Inc. The lease term is 99 years terminating on March 1, 2095. The Partnership has the option to extend the lease period for an additional 99 years. In consideration of continued use and occupancy of the leased property, the Partnership will pay an annual fee of \$100.

MHA/Action Housing, Inc. entered into 57 individual ground leases with unit owners in San Vincenzo Place that expire on May 1, 2091, with an option to renew for another 99 years. MHA/Action Housing, Inc. shall use the land to provide decent, affordable housing in exchange for a monthly fee of \$10 plus 1/12 of the insurance and other property expenses. CHP has decided not to bill or collect the \$10 monthly fee. Other Services.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

In accordance with the Amended and Restated Limited Partnership Agreement, Wilton Commons GP, Inc. is obligated to fund operating deficits of Wilton Commons Apartments Limited Partnership in excess of the operating deficit reserve beginning with the date of achievement of breakeven operations and ending upon the date which the Partnership achieves an average debt service coverage ratio of 1.2 or better for thirty-six consecutive calendar months commencing on or after the second anniversary of the achievement of stabilized occupancy. The achievement of breakeven operations has been met. The guaranty ends on either 1) 5th anniversary of the achievement of stabilized occupancy, 2) 5th anniversary of permanent loan conversion or 3) breakeven (as noted above).

As part of the purchase, Friendship House Limited Partnership assumed four forgivable notes payable to the City of Stamford, Connecticut in the aggregate amount of \$449,000. These notes are secured with a mortgage on the Project. The notes do not bear interest and are forgivable upon maturity, which occurs in 2017 through 2026, as long as certain requirements are met, including providing the building to low-income tenants. Management believes the Partnership will meet these requirements to have the debt forgiven and has elected not to record the liability in the financial statements.

The Partnership Agreement of Friendship House Limited Partnership establishes the Operating Deficit Guarantee Period, which continues until the expiration of the compliance period. NNI/MHA Friendship, Inc. is responsible to fund any shortfalls during this period. The operating deficit for the fiscal year is the amount by which Partnership expenses for the fiscal year exceed the sum of the Partnership's gross cash receipts from operations, plus amounts drawn from any reserves for such fiscal year.

The limited partnerships (other than Friendship House) have entered into agreements to provide a right of first refusal to CHP to purchase the properties upon receipt of a bona fide offer to purchase. In addition, CHP is given the option to purchase the property at any time after the close of the fifteen-year tax credit compliance period.

The limited partnerships' low-income housing tax credits are contingent on their ability to maintain compliance with applicable sections of Section 42 of the internal revenue code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital by the Limited Partner.

**NOTE 13 – SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Project through April 20, 2020, the date which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition and two for disclosure in the financial statements.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 13 – SUBSEQUENT EVENTS (CONT'D)**

In March 2020, COVID-19 was declared a global pandemic. It is currently affecting business continuity, including supply chains and consumer demand across a broad range of industries and countries. The pandemic has already severely impacted the global economy and will continue to, likely for months to come, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, and an estimate of the related future financial impact can't be made at this time.

In January 2020, CHP finalized sale of 20-28 Fairfield Commons for \$2,450,000. Sales proceeds were sufficient to cover all outstanding obligations and therefore, no adjustment was necessary to account for this transaction in the audit period.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.  
SCHEDULE OF FINANCIAL POSITION - NEIGHBORWORKS® AMERICA CAPITAL FUND  
AS OF DECEMBER 31, 2019**

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**ASSETS**

Cash	\$	6,154
Loans Receivable		221,244
Investment in:		
Trinity Park Mutual Housing LP		433,521
Maplewood Schools Mutual Housing		683,771
Yale Street Mutual Housing LP		259,110
Spruce Street - Homebuyer Mortgages		30,000
Huntington Senior		204,187
Stillwater Avenue Apartments		10,000
Fairfield Avenue		335,906
13 Taylor Street		48,318
West Main Street		68,278
Trumbull Townhomes - Homebuyer Mortgages		250,000
Washington Park - Various Properties		149,449
33 Yale Street		50,000
Conger House		75,000
Wilton Commons		308,710
West Side Commons II (Spruce Street)		65,219
Friendship House		100,000
Wilton Commons II		129,978
Parkside Gables		15,429
Total Investments		3,216,876
 <b>Total Assets</b>	 <b>\$</b>	 <b>3,444,274</b>

**LIABILITIES AND NET ASSETS**

Net Assets without Restrictions		783,533
Net Assets Restricted Until Donor Release		2,660,741
	<b>\$</b>	<b>3,444,274</b>

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.  
SCHEDULE OF STATEMENT OF ACTIVITIES - NEIGHBORWORKS® AMERICA CAPITAL FUND  
AS OF DECEMBER 31, 2019**

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	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Capital Grant - NeighborWorks® America			
- Beginning Balance	\$ 3,369,274	\$ -	\$ 3,369,274
<i>Additions</i>			
NeighborWorks® America Restricted Capital	75,000	-	75,000
<i>Reductions</i>			
NeighborWorks® America Donor Restricted to Unrestricted Release	(783,533)	783,533	-
Net Assets Ending Balance	\$ 2,660,741	\$ 783,533	\$ 3,444,274

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Wholly- Owned Properties	Controlled Entities / Properties	CHP Operations	Subtotal	Eliminations	Total
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 154,076	\$ 773,846	\$ 29,795	\$ 957,717	\$ -	\$ 957,717
Cash and Cash Equivalents - Restricted	18,070	11,845	324,499	354,414	-	354,414
Tenant Accounts Receivable, net of Allowance	19,737	57,182	-	76,919	-	76,919
Accounts Receivable - HUD	12,212	117,708	-	129,920	-	129,920
Accounts Receivable - Other	-	6,100	100,973	107,073	(94,038)	13,035
Prepaid Expenses	5,538	92,308	-	97,846	-	97,846
Total Current Assets	209,633	1,058,989	455,267	1,723,889	(94,038)	1,629,851
<b>Restricted Deposits</b>						
Tenant Security Deposits	80,568	259,172	3,353	343,093	-	343,093
Escrow Deposits	24,517	296,617	-	321,134	-	321,134
Replacement Reserves	572,945	1,163,925	-	1,736,870	-	1,736,870
Other Reserves	344,981	1,179,532	-	1,524,513	-	1,524,513
Total Restricted Deposits	1,023,011	2,899,246	3,353	3,925,610	-	3,925,610
<b>Rental Property</b>						
Buildings and Improvements	23,766,827	59,165,764	23,455	82,956,046	-	82,956,046
Site Improvements	60,001	385,024	-	445,025	-	445,025
Furniture and Equipment	199,961	877,454	320,376	1,397,791	-	1,397,791
Total Depreciable Assets	24,026,789	60,428,242	343,831	84,798,862	-	84,798,862
Less: Accumulated Depreciation	(10,203,512)	(18,794,601)	(207,648)	(29,205,761)	-	(29,205,761)
Net Depreciable Assets	13,823,277	41,633,641	136,183	55,593,101	-	55,593,101
Land	808,421	2,870,497	70,000	3,748,918	-	3,748,918
Construction in Progress	-	788,705	-	788,705	-	788,705
Total Rental Property	14,631,698	45,292,843	206,183	60,130,724	-	60,130,724
<b>Other Assets</b>						
Notes Receivable, net of Loss Reserve	-	-	9,237,691	9,237,691	(8,787,694)	449,997
Accounts Receivable - Related Party	(915,141)	(1,852,342)	1,945,545	(821,938)	821,938	-
Organizational Costs, net of Amortization	-	93,951	-	93,951	-	93,951
Other Assets	90,685	-	614,538	705,223	(614,538)	90,685
Total Other Assets	(824,456)	(1,758,391)	11,797,774	9,214,927	(8,580,294)	634,633
Total Assets	<u>\$15,039,886</u>	<u>\$ 47,492,687</u>	<u>\$ 12,462,577</u>	<u>\$74,995,150</u>	<u>\$ (8,674,332)</u>	<u>\$66,320,818</u>

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Wholly- Owned Properties	Controlled Entities / Properties	CHP Operations	Subtotal	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts Payable - Operations	121,764	373,338	105,456	600,558	-	600,558
Accounts Payable - Construction	-	254,818	-	254,818	-	254,818
Accrued Wages and Related Liabilities	-	-	27,236	27,236	-	27,236
Accrued Interest Payable	-	28,500	-	28,500	-	28,500
Accrued Liabilities - Other	33,805	11,977	1,044	46,826	-	46,826
Line of Credit	-	-	278,447	278,447	-	278,447
Unearned Revenue	3,025	3,481	-	6,506	-	6,506
Current Portion of Long-Term Debt	107,082	194,533	376,643	678,258	-	678,258
Total Current Liabilities	265,676	866,647	788,826	1,921,149	-	1,921,149
<b>Deposits Liability</b>						
Tenant Security Deposits	124,617	236,796	-	361,413	-	361,413
Membership Fees	-	-	335,568	335,568	-	335,568
Total Deposits Liability	124,617	236,796	335,568	696,981	-	696,981
<b>Noncurrent Liabilities</b>						
Mortgages Payable, Amortizing	1,152,676	12,532,106	-	13,684,782	-	13,684,782
Mortgages Payable, Nonamortizing	8,381,550	21,666,633	-	30,048,183	(7,524,371)	22,523,812
Other Notes Payable	-	1,001,300	222,310	1,223,610	(1,001,300)	222,310
Accrued Interest Payable	2,004,952	1,341,859	98,618	3,445,429	(465,588)	2,979,841
Asset Management Fees Payable - Related Party	1,846	281,670	-	283,516	-	283,516
Total Noncurrent Liabilities	11,541,024	36,823,568	320,928	48,685,520	(8,991,259)	39,694,261
Total Liabilities	11,931,317	37,927,011	1,445,322	51,303,650	(8,991,259)	42,312,391
<b>Net Assets</b>						
Net Assets without Donor Restrictions	1,951,743	9,565,676	8,356,514	19,873,933	316,927	20,190,860
Net Assets with Donor Restrictions	1,156,826	-	2,660,741	3,817,567	-	3,817,567
Total Net Assets	3,108,569	9,565,676	11,017,255	23,691,500	316,927	24,008,427
Total Liabilities and Net Assets	\$15,039,886	\$ 47,492,687	\$ 12,462,577	\$74,995,150	\$ (8,674,332)	\$66,320,818



**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Wholly-Owned Properties	Controlled Entities / Properties	CHP Operations	Subtotal	Eliminations	Total
<b>Revenue</b>						
Gross Rental Revenues	\$ 831,564	\$ 3,169,233	\$ -	\$ 4,000,797	\$ -	\$ 4,000,797
Tenant Assistance	814,723	2,629,508	-	3,444,231	-	3,444,231
Less: Vacancies and Concessions	(165,939)	(324,592)	-	(490,531)	-	(490,531)
Net Rental Revenue	1,480,348	5,474,149	-	6,954,497	-	6,954,497
Local Grants and Contributions	-	8,935	83,996	92,931	(8,935)	83,996
Federal and State Grants	-	117,131	151,950	269,081	-	269,081
Fees for Services	-	196,469	433,152	629,621	(401,220)	228,401
Other Revenue	107,678	82,410	73,370	263,458	-	263,458
<b>Total Revenue</b>	<b>1,588,026</b>	<b>5,879,094</b>	<b>742,468</b>	<b>8,209,588</b>	<b>(410,155)</b>	<b>7,799,433</b>
<b>Operating Expenses</b>						
<i>Program:</i>						
Salaries and Wages	196,407	1,004,604	110,911	1,311,922	-	1,311,922
Professional Fees	40,852	126,769	-	167,621	-	167,621
Office Expenses	101,727	135,071	-	236,798	-	236,798
Miscellaneous	13,846	53,525	-	67,371	-	67,371
Tenant Services	1,123	128,539	-	129,662	-	129,662
Utilities	240,264	629,676	-	869,940	-	869,940
Operating & Maintenance	286,634	956,897	32,791	1,276,322	(176,250)	1,100,072
Taxes and Insurance	284,254	752,911	13,311	1,050,476	-	1,050,476
Total Program	1,165,107	3,787,992	157,013	5,110,112	(176,250)	4,933,862
<i>Management and General:</i>						
Salaries and Wages	-	-	370,166	370,166	-	370,166
Professional Fees	91,391	307,461	236,544	635,396	(224,970)	410,426
Office Expenses	-	-	45,441	45,441	-	45,441
Misc. Administrative Expenses	-	-	86,538	86,538	-	86,538
Taxes and Insurance	-	-	25,773	25,773	-	25,773
Other General Expenses	-	-	75,452	75,452	(75,452)	-
Total Management and General	91,391	307,461	839,914	1,238,766	(300,422)	938,344
<i>Fundraising:</i>						
Misc. Administrative Expenses	-	-	3,867	3,867	-	3,867
Total Fundraising	-	-	3,867	3,867	-	3,867
<b>Total Operating Expenses</b>	<b>1,256,498</b>	<b>4,095,453</b>	<b>1,000,794</b>	<b>6,352,745</b>	<b>(476,672)</b>	<b>5,876,073</b>
<b>Net Operating Income (Loss)</b>	<b>331,528</b>	<b>1,783,641</b>	<b>(258,326)</b>	<b>1,856,843</b>	<b>66,517</b>	<b>1,923,360</b>
<b>Other Income (Expenses)</b>						
Related Party Fees	-	(30,414)	-	(30,414)	-	(30,414)
Grant Income	78,721	65,000	-	143,721	(66,517)	77,204
Interest Income	13,169	41,043	250,759	304,971	(250,550)	54,421
Interest Expense	(336,049)	(1,129,592)	(34,930)	(1,500,571)	250,550	(1,250,021)
Loss on Disposal of Assets	-	-	(16,631)	(16,631)	-	(16,631)
Depreciation & Amortization Expense	(635,022)	(1,719,642)	(42,560)	(2,397,224)	-	(2,397,224)
<b>Total Other Income (Expenses)</b>	<b>(879,181)</b>	<b>(2,773,605)</b>	<b>156,638</b>	<b>(3,496,148)</b>	<b>(66,517)</b>	<b>(3,562,665)</b>
<b>Change in Net Assets</b>	<b>(547,653)</b>	<b>(989,964)</b>	<b>(101,688)</b>	<b>(1,639,305)</b>	<b>-</b>	<b>(1,639,305)</b>

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENTS – WHOLLY OWNED PROPERTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	20-28 Fairfield Commons	Fairfield Commons I	Fairfield Commons II	Greenfield Commons	Merton House	Woodward Cliffs LP	Parkside Gables	Total
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 47,888	\$ 6,554	\$ 7,921	\$ 1,487	\$ 86,911	\$ 1,377	\$ 1,938	\$ 154,076
Cash and Cash Equivalents - Restricted	-	18,070	-	-	-	-	-	18,070
Tenant Accounts Receivable, net of Allowance	550	337	10,152	-	-	1,125	7,573	19,737
Accounts Receivable - HUD	7,648	4,563	-	-	-	-	1	12,212
Accounts Receivable - Other	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	4,519	1,019	-	5,538
Total Current Assets	56,086	29,524	18,073	1,487	91,430	3,521	9,512	209,633
<b>Restricted Deposits</b>								
Tenant Security Deposits	14,728	953	-	2,073	7,902	4,516	50,396	80,568
Escrow Deposits	-	-	-	-	7,065	17,452	-	24,517
Replacement Reserves	-	48,962	-	114,419	92,978	16,615	299,971	572,945
Other Reserves	-	-	-	-	292,602	-	52,379	344,981
Total Restricted Deposits	14,728	49,915	-	116,492	400,547	38,583	402,746	1,023,011
<b>Rental Property</b>								
Buildings and Improvements	2,711,169	1,432,682	1,790,078	1,705,893	6,853,486	222,112	9,051,407	23,766,827
Site Improvements	-	60,001	-	-	-	-	-	60,001
Furniture and Equipment	-	-	-	9,671	3,548	6,000	180,742	199,961
Total Depreciable Assets	2,711,169	1,492,683	1,790,078	1,715,564	6,857,034	228,112	9,232,149	24,026,789
Less: Accumulated Depreciation	(1,186,451)	(165,236)	-	(492,753)	(2,245,154)	(228,112)	(5,885,806)	(10,203,512)
Net Depreciable Assets	1,524,718	1,327,447	1,790,078	1,222,811	4,611,880	-	3,346,343	13,823,277
Land	376,845	163,102	-	-	-	260,000	8,474	808,421
Construction in Progress	-	-	-	-	-	-	-	-
Total Rental Property	1,901,563	1,490,549	1,790,078	1,222,811	4,611,880	260,000	3,354,817	14,631,698
<b>Other Assets</b>								
Accounts Receivable - Related Party	(692,823)	76,996	(79,861)	(92,503)	33,701	(133,539)	(27,112)	(915,141)
Organizational Costs, net of Amortization	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	89,335	1,350	-	90,685
Total Other Assets	(692,823)	76,996	(79,861)	(92,503)	123,036	(132,189)	(27,112)	(824,456)
Total Assets	<u>\$ 1,279,554</u>	<u>\$ 1,646,984</u>	<u>\$ 1,728,290</u>	<u>\$ 1,248,287</u>	<u>\$ 5,226,893</u>	<u>\$ 169,915</u>	<u>\$ 3,739,963</u>	<u>\$15,039,886</u>

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENTS – WHOLLY OWNED PROPERTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	20-28 Fairfield Commons	Fairfield Commons I	Fairfield Commons II	Greenfield Commons	Merton House	Woodward Cliffs LP	Parkside Gables	Total
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current Liabilities</b>								
Accounts Payable - Operations	6,812	19,746	9,421	27,222	12,899	23,236	22,428	121,764
Accounts Payable - Construction	-	-	-	-	-	-	-	-
Accrued Wages and Related Liabilities	-	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-	-	-
Accrued Liabilities - Other	-	7,443	-	-	-	-	26,362	33,805
Line of Credit	-	-	-	-	-	-	-	-
Unearned Revenue	1,672	-	-	-	-	-	1,353	3,025
Current Portion of Long-Term Debt	92,453	-	-	-	-	14,629	-	107,082
Total Current Liabilities	100,937	27,189	9,421	27,222	12,899	37,865	50,143	265,676
<b>Deposits Liability</b>								
Tenant Security Deposits	14,027	1,336	-	1,676	6,727	2,859	97,992	124,617
Membership Fees	-	-	-	-	-	-	-	-
Total Deposits Liability	14,027	1,336	-	1,676	6,727	2,859	97,992	124,617
<b>Noncurrent Liabilities</b>								
Mortgages Payable, Amortizing	1,119,784	-	-	-	(61,761)	94,653	-	1,152,676
Mortgages Payable, Nonamortizing	89,900	200,000	1,307,002	-	6,575,121	109,527	100,000	8,381,550
Other Notes Payable	-	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	1,910,914	94,038	-	2,004,952
Asset Management Fees Payable - Related Party	-	-	-	-	-	-	1,846	1,846
Total Noncurrent Liabilities	1,209,684	200,000	1,307,002	-	8,424,274	298,218	101,846	11,541,024
Total Liabilities	1,324,648	228,525	1,316,423	28,898	8,443,900	338,942	249,981	11,931,317
<b>Net Assets</b>								
Net Assets without Donor Restrictions	(45,094)	1,085,801	411,867	395,221	(3,217,007)	(169,027)	3,489,982	1,951,743
Net Assets with Donor Restrictions	-	332,658	-	824,168	-	-	-	1,156,826
Total Net Assets	(45,094)	1,418,459	411,867	1,219,389	(3,217,007)	(169,027)	3,489,982	3,108,569
Total Liabilities and Net Assets	\$ 1,279,554	\$ 1,646,984	\$ 1,728,290	\$ 1,248,287	\$ 5,226,893	\$ 169,915	\$ 3,739,963	\$15,039,886

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENTS – WHOLLY OWNED PROPERTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	20-28 Fairfield Commons	Fairfield Commons I	Fairfield Commons II	Greenfield Commons	Merton House	Woodward Cliffs LP	Parkside Gables	Total
<b>Revenue</b>								
Gross Rental Revenues	\$ 117,528	\$ 21,146	\$ 1,354	\$ 43,935	\$ 68,148	\$ 49,822	\$ 529,631	\$ 831,564
Tenant Assistance	212,963	54,332	18,446	82,785	351,870	7,174	87,153	814,723
Less: Vacancies and Concessions	(35,718)	-	-	-	(25,292)	(17,400)	(87,529)	(165,939)
Net Rental Revenue	294,773	75,478	19,800	126,720	394,726	39,596	529,255	1,480,348
Other Revenue	53,340	-	-	33,556	9,066	1,063	10,653	107,678
<b>Total Revenue</b>	<b>348,113</b>	<b>75,478</b>	<b>19,800</b>	<b>160,276</b>	<b>403,792</b>	<b>40,659</b>	<b>539,908</b>	<b>1,588,026</b>
<b>Operating Expenses</b>								
<i>Program:</i>								
Salary and Wages	35,249	16,337	-	25,079	57,785	148	61,809	196,407
Professional Fees	(9,501)	4,633	8,162	7,701	11,089	6,283	12,485	40,852
Office Expenses	2,326	2,556	1,384	8,345	10,585	1,865	74,666	101,727
Miscellaneous	(129)	1,059	369	3,956	2,843	959	4,789	13,846
Tenant Services	399	194	5	163	352	10	-	1,123
Utilities	55,054	6,548	3,535	14,084	88,078	3,803	69,162	240,264
Operating & Maintenance	31,685	4,180	173	10,157	117,124	2,334	120,981	286,634
Taxes and Insurance	42,777	20,456	11,592	18,823	25,160	14,497	150,949	284,254
Total Program	157,860	55,963	25,220	88,308	313,016	29,899	494,841	1,165,107
<i>Management and General:</i>								
Salaries and Wages	-	-	-	-	-	-	-	-
Professional Fees	21,817	4,386	459	7,440	25,981	3,384	27,924	91,391
Other General Expenses	-	-	-	-	-	-	-	-
Total Management and General	21,817	4,386	459	7,440	25,981	3,384	27,924	91,391
<i>Fundraising:</i>								
Administrative Expenses	-	-	-	-	-	-	-	-
Total Fundraising	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>179,677</b>	<b>60,349</b>	<b>25,679</b>	<b>95,748</b>	<b>338,997</b>	<b>33,283</b>	<b>522,765</b>	<b>1,256,498</b>
<b>Net Operating Income (Loss)</b>	<b>168,436</b>	<b>15,129</b>	<b>(5,879)</b>	<b>64,528</b>	<b>64,795</b>	<b>7,376</b>	<b>17,143</b>	<b>331,528</b>
<b>Other Income (Expenses)</b>								
Related Party Fees	-	-	-	-	-	-	-	-
Grant Income	77,204	-	-	-	-	1,517	-	78,721
Interest Income	6	1	-	23	8,373	417	4,349	13,169
Interest Expense	(68,257)	-	(253)	(512)	(256,997)	(10,030)	-	(336,049)
Depreciation & Amortization Expense	(72,172)	(41,309)	-	(43,292)	(251,367)	-	(226,882)	(635,022)
<b>Total Other Income (Expenses)</b>	<b>(63,219)</b>	<b>(41,308)</b>	<b>(253)</b>	<b>(43,781)</b>	<b>(499,991)</b>	<b>(8,096)</b>	<b>(222,533)</b>	<b>(879,181)</b>
<b>Change in Net Assets</b>	<b>105,217</b>	<b>(26,179)</b>	<b>(6,132)</b>	<b>20,747</b>	<b>(435,196)</b>	<b>(720)</b>	<b>(205,390)</b>	<b>(547,653)</b>

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENTS – CONTROLLED ENTITIES / PROPERTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Friendship House Apartments LP	Huntington Senior Housing LP	Maplewood School Apartments LP	Trinity Park Apartments LP	Wilton Commons Apartments LP	Wilton Commons II, LLC	Yale Street LP	Total
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 579,357	\$ 4,169	\$ 9,751	\$ 65,303	\$ 85,356	\$ 13,492	\$ 16,418	\$ 773,846
Cash and Cash Equivalents - Restricted	-	-	-	11,845	-	-	-	11,845
Tenant Accounts Receivable, net of Allowance	18,149	3,978	18,161	4,370	56	5,679	6,789	57,182
Accounts Receivable - Subsidy	-	6,064	-	1,056	-	100,142	10,446	117,708
Accounts Receivable - Other	6,100	-	-	-	-	-	-	6,100
Prepaid Expenses	61,726	8,323	-	-	10,395	-	11,864	92,308
Total Current Assets	<u>665,332</u>	<u>22,534</u>	<u>27,912</u>	<u>82,574</u>	<u>95,807</u>	<u>119,313</u>	<u>45,517</u>	<u>1,058,989</u>
<b>Restricted Deposits</b>								
Tenant Security Deposits	83,162	23,180	13,166	52,605	49,868	-	37,191	259,172
Escrow Deposits	89,341	32,782	30	35,108	64,482	-	74,874	296,617
Replacement Reserves	607,184	217,030	12,375	56,274	167,657	-	103,405	1,163,925
Other Reserves	498,870	82,014	34,544	260,491	301,241	-	2,372	1,179,532
Total Restricted Deposits	<u>1,278,557</u>	<u>355,006</u>	<u>60,115</u>	<u>404,478</u>	<u>583,248</u>	<u>-</u>	<u>217,842</u>	<u>2,899,246</u>
<b>Rental Property</b>								
Buildings and Improvements	21,321,994	7,707,974	4,130,666	6,148,539	10,120,790	5,169,668	4,566,133	59,165,764
Site Improvements	306,624	-	-	-	-	78,400	-	385,024
Furniture and Equipment	293,014	69,633	49,282	244,650	27,919	187,956	5,000	877,454
Total Depreciable Assets	21,921,632	7,777,607	4,179,948	6,393,189	10,148,709	5,436,024	4,571,133	60,428,242
Less: Accumulated Depreciation	(5,758,563)	(3,742,638)	(2,740,189)	(700,016)	(1,692,714)	(559,015)	(3,601,466)	(18,794,601)
Net Depreciable Assets	16,163,069	4,034,969	1,439,759	5,693,173	8,455,995	4,877,009	969,667	41,633,641
Land	944,735	76,000	10,000	1,450,000	85	-	389,677	2,870,497
Construction in Progress	185,985	-	597,095	-	-	-	5,625	788,705
Total Rental Property	<u>17,293,789</u>	<u>4,110,969</u>	<u>2,046,854</u>	<u>7,143,173</u>	<u>8,456,080</u>	<u>4,877,009</u>	<u>1,364,969</u>	<u>45,292,843</u>
<b>Other Assets</b>								
Notes Receivable, net of Loss Reserve	-	-	-	-	-	-	-	-
Accounts Receivable - Related Party	2,369	(316,005)	(1,105,275)	(5,451)	(263,375)	(103,207)	(61,398)	(1,852,342)
Organizational Costs, net of Amortization	29,890	-	-	36,044	13,798	-	14,219	93,951
Other Assets	-	-	-	-	-	-	-	-
Total Other Assets	<u>32,259</u>	<u>(316,005)</u>	<u>(1,105,275)</u>	<u>30,593</u>	<u>(249,577)</u>	<u>(103,207)</u>	<u>(47,179)</u>	<u>(1,758,391)</u>
Total Assets	<u>\$19,269,937</u>	<u>\$ 4,172,504</u>	<u>\$ 1,029,606</u>	<u>\$ 7,660,818</u>	<u>\$ 8,885,558</u>	<u>\$ 4,893,115</u>	<u>\$ 1,581,149</u>	<u>\$47,492,687</u>

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENTS – CONTROLLED ENTITIES / PROPERTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Friendship House Apartments LP	Huntington Senior Housing LP	Maplewood School Apartments LP	Trinity Park Apartments LP	Wilton Commons Apartments LP	Wilton Commons II, LLC	Yale Street LP	Total
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current Liabilities</b>								
Accounts Payable - Operations	116,891	43,617	48,862	17,665	3,723	107,296	35,284	373,338
Accounts Payable - Construction	-	-	254,818	-	-	-	-	254,818
Accrued Wages and Related Liabilities	-	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	28,500	-	-	28,500
Accrued Liabilities - Other	9,502	-	2,475	-	-	-	-	11,977
Line of Credit	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	474	2,530	477	3,481
Current Portion of Long-Term Debt	80,154	22,263	16,305	17,308	23,374	-	35,129	194,533
Total Current Liabilities	206,547	65,880	322,460	34,973	56,071	109,826	70,890	866,647
<b>Deposits Liability</b>								
Tenant Security Deposits	77,178	20,684	8,738	41,106	51,281	-	37,809	236,796
Membership Fees	-	-	-	-	-	-	-	-
Total Deposits Liability	77,178	20,684	8,738	41,106	51,281	-	37,809	236,796
<b>Noncurrent Liabilities</b>								
Mortgages Payable, Amortizing	7,219,100	837,259	651,393	881,878	1,910,911	-	1,031,565	12,532,106
Mortgages Payable, Nonamortizing	9,169,289	1,433,000	1,659,750	4,594,173	4,310,421	-	500,000	21,666,633
Other Notes Payable	-	334,119	-	53,014	474,463	-	139,704	1,001,300
Accrued Interest Payable	-	178,866	114,555	390,005	-	-	658,433	1,341,859
Asset Management Fees Payable - Related Party	-	26,621	-	-	105,049	-	150,000	281,670
Total Noncurrent Liabilities	16,388,389	2,809,865	2,425,698	5,919,070	6,800,844	-	2,479,702	36,823,568
Total Liabilities	16,672,114	2,896,429	2,756,896	5,995,149	6,908,196	109,826	2,588,401	37,927,011
<b>Net Assets</b>								
Net Assets without Donor Restrictions	2,597,823	1,276,075	(1,727,290)	1,665,669	1,977,362	4,783,289	(1,007,252)	9,565,676
Net Assets with Donor Restrictions	-	-	-	-	-	-	-	-
Total Net Assets	2,597,823	1,276,075	(1,727,290)	1,665,669	1,977,362	4,783,289	(1,007,252)	9,565,676
Total Liabilities and Net Assets	\$19,269,937	\$ 4,172,504	\$ 1,029,606	\$ 7,660,818	\$ 8,885,558	\$ 4,893,115	\$ 1,581,149	\$47,492,687

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENTS – CONTROLLED ENTITIES / PROPERTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Friendship House Apartments LP	Huntington Senior Housing LP	Maplewood School Apartments LP	Trinity Park Apartments LP	Wilton Commons Apartments LP	Wilton Commons II, LLC	Yale Street LP	Total
<b>Revenue</b>								
Gross Rental Revenues	\$ 955,143	\$ 243,940	\$ 253,367	\$ 532,977	\$ 666,415	\$ 131,573	\$ 385,818	\$ 3,169,233
Tenant Assistance	1,670,524	204,887	138,601	337,959	28,060	71,839	177,638	2,629,508
Less: Vacancies and Concessions	(88,981)	(4,296)	(124,823)	(46,135)	(16,895)	(5,657)	(37,805)	(324,592)
Net Rental Revenue	2,536,686	444,531	267,145	824,801	677,580	197,755	525,651	5,474,149
Local Grants and Contributions	-	4,734	4,201	-	-	-	-	8,935
Federal and State Grants	-	-	-	-	-	117,131	-	117,131
Fees for Services	-	-	-	-	-	196,469	-	196,469
Other Revenue	33,926	876	34,527	1,432	9,556	2,090	3	82,410
<b>Total Revenue</b>	2,570,612	450,141	305,873	826,233	687,136	513,445	525,654	5,879,094
<b>Operating Expenses</b>								
<i>Program:</i>								
Salaries and Wages	382,450	102,302	80,092	126,430	137,968	64,220	111,142	1,004,604
Professional Fees	39,260	10,971	16,858	28,909	8,301	9,244	13,226	126,769
Office Expenses	32,188	16,073	11,903	23,547	22,550	13,848	14,962	135,071
Miscellaneous	21,058	341	1,919	14,734	10,136	3,850	1,487	53,525
Tenant Services	204	(2,503)	509	119	808	128,704	698	128,539
Utilities	206,778	60,167	52,638	124,088	74,753	56,962	54,290	629,676
Operating & Maintenance	338,770	48,844	32,340	207,876	54,163	224,435	50,469	956,897
Taxes and Insurance	214,092	81,231	46,930	100,642	119,537	46,010	144,469	752,911
Total Program	1,234,800	317,426	243,189	626,345	428,216	547,273	390,743	3,787,992
<i>Management and General:</i>								
Salaries and Wages	-	-	-	-	-	-	-	-
Professional Fees	140,054	22,041	16,793	43,789	39,376	12,943	32,465	307,461
Office Expenses	-	-	-	-	-	-	-	-
Other General Expenses	-	-	-	-	-	-	-	-
Total Management and General	140,054	22,041	16,793	43,789	39,376	12,943	32,465	307,461
<i>Fundraising:</i>								
Miscellaneous Administrative Expenses	-	-	-	-	-	-	-	-
Total Fundraising	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	1,374,854	339,467	259,982	670,134	467,592	560,216	423,208	4,095,453
<b>Net Operating Income (Loss)</b>	1,195,758	110,674	45,891	156,099	219,544	(46,771)	102,446	1,783,641
<b>Other Income (Expenses)</b>								
Related Party Fees	(9,502)	(3,000)	-	-	(17,912)	-	-	(30,414)
Grant Income	-	24,081	3,700	12,833	12,386	-	12,000	65,000
Interest Income	23,917	6,516	1,059	317	7,068	16	2,150	41,043
Interest Expense	(717,903)	(55,011)	(28,712)	(151,331)	(101,414)	(172)	(75,049)	(1,129,592)
Depreciation & Amortization Expense	(592,146)	(284,991)	(82,002)	(190,173)	(256,836)	(172,060)	(141,434)	(1,719,642)
<b>Total Other Income (Expenses)</b>	(1,295,634)	(312,405)	(105,955)	(328,354)	(356,708)	(172,216)	(202,333)	(2,773,605)
<b>Change in Net Assets</b>	(99,876)	(201,731)	(60,064)	(172,255)	(137,164)	(218,987)	(99,887)	(989,964)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

***Independent Auditor's Report***

Board of Directors  
Mutual Housing Association of Southwestern Connecticut, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Mutual Housing Association of Southwestern Connecticut, Inc., which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 30, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mutual Housing Association of Southwestern Connecticut, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mutual Housing Association of Southwestern Connecticut, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mutual Housing Association of Southwestern Connecticut, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, questioned costs, and recommendations as items 2019-001 that we consider to be significant deficiencies.



## Compliance and Other Matters

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

### ***Mutual Housing Association of Southwestern Connecticut, Inc.'s Response to Findings***

Mutual Housing Association of Southwestern Connecticut, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings, questioned costs, and recommendations. Mutual Housing Association of Southwestern Connecticut, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of This Report**

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



Maletta & Company  
Certified Public Accountants

Bristol, CT  
June 30, 2020

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.  
 SCHEDULE OF FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

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**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:			
• Material weaknesses identified?	_____	Yes	_____ X _____ No
• Significant deficiencies identified?	_____ X _____	Yes	_____ None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____ No

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.  
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Finding 2019-001 General Ledger Maintenance  
(Repeat Finding)**

**Statement of Condition**

As part of our audit, we evaluated Mutual Housing Association of Southwestern Connecticut, Inc.'s internal controls as they relate to financial reporting. As a result, we identified the following conditions that we believe are indicative of a significant deficiency in internal control:

- *General Ledger closing Procedures* – As part of our audit procedures, we noted that tenant revenue was not recorded on the accrual basis, with cash receipt recording posted from banking activity. In addition, several account balances that had transactions during the year were not properly reflected on the general ledger.

**Criteria**

The Committee on Sponsoring Organizations of the Treadway Commission (COSO) has established a nationally recognized framework for internal control in *its Internal Control – Integrated Framework* and its related *Guidance for Smaller Public Companies: Reporting on Internal Controls Over Financial Reporting*. The COSO framework establishes five elements of internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring. Management is responsible for understanding these five components of internal control and designing formal or informal systems that address each component sufficiently in such a way that reduces the risk that financial statements will be materially misstated to a relatively low level.

**Cause**

Management has not implemented a system of internal control over financial reporting that would reduce the risk of misstatement or fraud to an appropriate level.

**Effect or Potential Effect**

Prior to audit adjustments, Mutual Housing Association of Southwestern Connecticut, Inc.'s financial statements were materially misstated.

**Recommendation**

We recommend that Mutual Housing Association of Southwestern Connecticut, Inc.'s management fully implement a year-end closing checklist and assign a person responsible for the items and an independent person responsible for reviewing the year-end closing and related account recommendations.

**Reporting Views of Responsible Officials**

Mutual Housing Association of Southwestern Connecticut, Inc. is in full agreement that a comprehensive year end checklist is adopted with adequately skilled personnel. The organization has moved the accounting functions to a third party Certified Public Accounting Firm to ensure the expertise and oversight required is in place. However, such transition was not fully implemented until after yearend.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Finding 2018-001 Yearend Closing Procedures**

**Statement of Condition**

As part of our audit, we evaluated Mutual Housing Association of Southwestern Connecticut, Inc.'s internal controls as they relate to financial reporting. As a result, we identified the following conditions that we believe are indicative of a significant deficiency in internal control:

- *Year-end closing Procedures* – As part of our audit procedures, we noted that several account balances that had transactions during the year were not properly reflected on the general ledger. In addition, intercompany balances and transactions were not properly recorded and reconciled.

**Recommendation**

We recommend that Mutual Housing Association of Southwestern Connecticut, Inc.'s management fully implement a year-end closing checklist and assign a person responsible for the items and an independent person responsible for reviewing the year-end closing and related account recommendations.

**Status**

Corrective action partially completed. See current year audit finding.