

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

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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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, 2020, 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 \$19,609,548 and total revenue of \$2,792,536 for the year ended December 31, 2020. 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, 2020, 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.

Report on Summarized Comparative Information

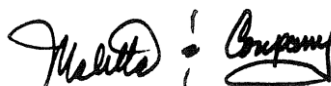
We have previously audited Mutual Housing Association of Southwestern Connecticut, Inc. and its subsidiaries' December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 18, 2021, 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.



Maletta & Company
Certified Public Accountants

Bristol, Connecticut
June 18, 2021

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,890,668	\$ 957,717
Cash and Cash Equivalents - Restricted	338,712	354,414
Tenant Accounts Receivable, net of Allowance	92,177	76,920
Accounts Receivable - Subsidy	35,651	129,919
Accounts Receivable - Other	151,658	13,035
Prepaid Expenses	126,658	97,846
Total Current Assets	<u>2,635,524</u>	<u>1,629,851</u>
Restricted Deposits		
Tenant Security Deposits	376,434	343,093
Escrow Deposits	679,205	321,134
Replacement Reserves	1,368,916	1,736,870
Other Reserves	1,653,952	1,524,513
Total Restricted Deposits	<u>4,078,507</u>	<u>3,925,610</u>
Rental Property		
Buildings and Improvements	76,664,934	82,956,046
Site Improvements	752,435	445,025
Furniture and Equipment	1,445,447	1,397,791
Total Depreciable Assets	<u>78,862,816</u>	<u>84,798,862</u>
Less: Accumulated Depreciation	<u>(27,537,244)</u>	<u>(29,205,761)</u>
Net Depreciable Assets	51,325,572	55,593,101
Land	3,819,259	3,748,918
Construction in Progress	2,938,996	788,705
Total Rental Property	<u>58,083,827</u>	<u>60,130,724</u>
Other Assets		
Notes Receivable, net of Loss Reserve	434,929	449,997
Organizational Costs, net of Amortization	638,174	93,951
Other Assets	89,352	90,685
Total Other Assets	<u>1,162,455</u>	<u>634,633</u>
Total Assets	<u>\$ 65,960,313</u>	<u>\$ 66,320,818</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, 2020

	2020	2019
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable - Operations	\$ 560,996	\$ 600,558
Accounts Payable - Construction	1,073,749	254,818
Accrued Wages and Related Liabilities	42,370	27,236
Accrued Interest Payable	9,936	28,500
Accrued Liabilities - Other	26,103	48,672
Line of Credit	258,418	278,447
Unearned Revenue	28,524	6,506
Current Portion of Long-Term Debt	728,870	678,258
Total Current Liabilities	<u>2,728,966</u>	<u>1,922,995</u>
Deposits Liability		
Tenant Security Deposits	321,028	361,413
Membership Fees	394,150	335,568
Total Deposits Liability	<u>715,178</u>	<u>696,981</u>
Noncurrent Liabilities		
Mortgages Payable, Amortizing, net of Debt Issuance Costs	13,281,224	13,684,782
Mortgages Payable, Nonamortizing, net of Debt Issuance Costs	22,181,509	22,523,812
Other Notes Payable	42,240	222,310
Accrued Interest Payable	3,121,228	2,979,841
Asset Management Fees Payable - Related Party	270,730	281,670
Total Noncurrent Liabilities	<u>38,896,931</u>	<u>39,692,415</u>
Total Liabilities	<u>42,341,075</u>	<u>42,312,391</u>
Net Assets		
Net Assets without Donor Restrictions	22,462,212	20,190,860
Net Assets with Donor Restrictions	1,157,026	3,817,567
Total Net Assets	<u>23,619,238</u>	<u>24,008,427</u>
Total Liabilities and Net Assets	<u>\$ 65,960,313</u>	<u>\$ 66,320,818</u>

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, 2020

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue				
Gross Rental Revenues	\$ 3,882,049	\$ -	\$ 3,882,049	\$ 4,000,797
Tenant Assistance	3,580,715	-	3,580,715	3,444,231
Less: Vacancies and Concessions	(419,770)	-	(419,770)	(490,531)
Net Rental Revenue	7,042,994	-	7,042,994	6,954,497
Local Grants and Contributions	355,174	-	355,174	83,996
Federal and State Grants	664,819	125,000	789,819	269,081
Fees for Services	240,943	-	240,943	228,401
Other Revenue	132,657	-	132,657	262,395
Net Assets Released from Restrictions	2,785,541	(2,785,541)	-	-
Total Revenue	11,222,128	(2,660,541)	8,561,587	7,798,370
Operating Expenses				
<i>Program:</i>				
Payroll and Benefits	1,256,201	-	1,256,201	1,311,922
Professional Fees	157,001	-	157,001	167,621
Offices Expenses	73,211	-	73,211	236,798
Miscellaneous	247,610	-	247,610	67,371
Tenant Services	295,905	-	295,905	129,662
Rent Bank Contributions	151,839	-	151,839	-
Utilities	774,836	-	774,836	869,940
Operating and Maintenance	1,263,643	-	1,263,643	1,097,883
Taxes and Insurance	1,136,888	-	1,136,888	1,050,476
Total Program	5,357,134	-	5,357,134	4,931,673
<i>Management and General:</i>				
Payroll and Benefits	686,151	-	686,151	370,166
Management and Bookkeeping Fees	176,769	-	176,769	173,626
Professional Fees	323,749	-	323,749	250,300
Offices Expenses	33,492	-	33,492	45,441
Miscellaneous Administrative Expenses	49,004	-	49,004	75,227
Taxes and Insurance	43,363	-	43,363	25,773
Total Management and General	1,312,528	-	1,312,528	940,533
<i>Fundraising:</i>				
Miscellaneous Administrative Expenses	3,417	-	3,417	3,867
Total Fundraising	3,417	-	3,417	3,867
Total Operating Expenses	6,673,079	-	6,673,079	5,876,073
Net Operating Income (Loss)	4,549,049	(2,660,541)	1,888,508	1,922,297
Other Income (Expenses)				
Related Party Fees	(32,027)	-	(32,027)	(30,414)
Capital Contributions	596,492	-	596,492	77,204
Interest Income	15,811	-	15,811	55,484
Interest Expense	(1,154,152)	-	(1,154,152)	(1,250,021)
Gain (Loss) on Disposal of Assets	636,914	-	636,914	(16,631)
Depreciation & Amortization Expense	(2,340,735)	-	(2,340,735)	(2,397,224)
Total Other Income (Expenses)	(2,277,697)	-	(2,277,697)	(3,561,602)
Change in Net Assets	2,271,352	(2,660,541)	(389,189)	(1,639,305)
Net Assets, Beginning	20,190,860	3,817,567	24,008,427	25,647,732
Net Assets, Ending	\$ 22,462,212	\$ 1,157,026	\$ 23,619,238	\$ 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, 2020

	2020	2019
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ (389,189)	\$ (1,639,305)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	2,322,534	2,384,062
Amortization	18,201	13,162
Amortization of Debt Issuance Costs	9,258	9,258
(Gain) Loss on Disposal of Assets	(636,914)	16,631
Deferred Interest on Debt	141,387	196,818
Change in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable - Tenants	(15,257)	94,756
(Increase) Decrease in Accounts Receivable - HUD	94,268	(85,914)
(Increase) Decrease in Accounts Receivable - Other	(138,623)	(198,366)
(Increase) Decrease in Prepaid Expenses	(28,812)	(1,109)
(Increase) Decrease in Other Assets	(546,023)	1,024,262
Increase (Decrease) in Accounts Payable	(32,305)	(145,110)
Increase (Decrease) in Accrued Expenses	(7,435)	(11,077)
Increase (Decrease) in Unearned Revenue	22,018	(22,560)
Increase (Decrease) in Accrued Interest Payable	(18,564)	(36,802)
Net Cash Provided by (Used in) Operating Activities	794,544	1,598,706
Cash Flows from Investing Activities:		
Net Change in Escrows	(358,071)	164,896
Net Change in Replacement Reserve	367,954	(280,798)
Net Change in Other Reserves	(129,439)	(87,818)
Proceeds from Sale of Capital Assets	2,450,000	-
Purchases of Property & Equipment	(1,269,792)	(571,733)
Net Cash Provided by (Used in) Investing Activities	1,060,652	(775,453)
Cash Flows from Financing Activities:		
Proceeds from Acquisition of Debt	3,164,300	387,022
Principal Payments on Debt	(4,068,906)	(1,146,416)
Net Cash Provided by (Used in) Financing Activities	(904,606)	(759,394)
Net Increase (Decrease) in Cash and Restricted Cash	950,590	63,859
Cash and Restricted Cash - Beginning	1,655,224	1,591,365
Cash and Restricted Cash - Ending	\$ 2,605,814	\$ 1,655,224
<i>Reconciliation of Cash and Restricted Cash Balances:</i>		
Cash and Cash Equivalents	\$ 1,890,668	\$ 957,717
Cash and Cash Equivalents - Restricted	338,712	354,414
Tenant Security Deposits	376,434	343,093
Total Cash and Restricted Cash	2,605,814	1,655,224
<i>Supplemental disclosure of cash flow information:</i>		
Cash Paid During the Year For:		
Interest	\$ 984,943	\$ 1,049,707

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, 2020

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. The Project was sold in January 2020.

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.

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.

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – ORGANIZATION (CONT'D)

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. The project was sold to Maplewood Court LP as of September 30, 2020.

Maplewood Court Limited Partnership was organized under the laws of the State of Connecticut as a limited partnership formed in 2020, 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 0.009% general partner of the partnership, MHA Maplewood Court LLC, 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, 2020

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, 2020

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

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

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, 2020.

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, 2020 was \$82,606.

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, 2020

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, 2020.

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, 2020

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, 2020, 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, 2020

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents CHP's financial assets as of December 31, 2020:

Financial assets at yearend:	
Cash and Cash Equivalents	\$ 2,229,380
Receivables	279,486
Restricted Deposits	<u>4,078,507</u>
Total Financial Assets	\$ 6,587,373
Less amounts not available to be used within one year:	
Restricted Deposits	<u>2,646,434</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 3,940,939</u></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.

NOTE 4 – 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, 2020.

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 \$948,286.

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.

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 – NOTES RECEIVABLE (CONT'D)

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. This note was retired upon sale of the project to Maplewood Court LLC.

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.

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.

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 – NOTES RECEIVABLE (CONT'D)

Summary note receivable activity is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Developer Fee Receivable	\$ 1,001,300	\$ -	\$ (53,014)	\$ 948,286
Trinity Park - Seller Note	3,127,308	74,425	-	3,201,733
Trinity Park - Sponsor Loans	211,173	-	(9,305)	201,868
Friendship House	3,422,000	147,725	(238,308)	3,331,417
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	64,007	-	-	64,007
CDBG	189,994	-	-	189,994
City of Bridgeport	359,682	-	(15,068)	344,614
CL&P, Goodman, NHS, STC	165,156	-	-	165,156
NeighborWorks America	217,000	-	-	217,000
Revolving Loans - Other	24,000	-	-	24,000
Total Notes Receivable	<u>9,559,443</u>	<u>222,150</u>	<u>(605,445)</u>	<u>9,176,148</u>
Less: Eliminations	(8,242,129)	(222,150)	291,322	(7,873,902)
Less: Allowance	(867,317)	-	-	(867,317)
Net Notes Receivable	<u>\$ 449,997</u>	<u>\$ -</u>	<u>\$ (314,123)</u>	<u>\$ 434,929</u>

NOTE 5 – LONG-TERM DEBT

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. The loan was retired upon sale of the underlying assets in January 2020.

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. The loan was retired upon sale of the underlying assets in January 2020.

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. The loan was retired upon sale of the underlying assets in January 2020.

MHA 20-28 Fairfield Commons, LLC. has promissory notes with the City of Stamford that provides for a loan of \$200,000 for the rehabilitation of 4 rental housing units located at 22 Fairfield Avenue in Stamford, Connecticut. The loan is noninterest bearing and is due on June 24, 2040. The loan is secured by the property. The loan was retired upon sale of the underlying assets in January 2020.

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 – LONG-TERM DEBT (CONT'D)

Fairfield Commons I, Inc.

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.

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.

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.

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.

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 as of December 31, 2020. 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, 2020

NOTE 5 – LONG-TERM DEBT (CONT'D)

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, 2020

NOTE 5 – 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. This note was retired upon sale of the project in September 2020.

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. This note was retired upon sale of the project in September 2020.

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. This note was restructured and assumed by Maplewood Court LP upon sale of the project in September 2020.

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. This note was restructured and assumed by Maplewood Court LP upon sale of the project in September 2020.

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. This note was retired upon sale of the project in September 2020.

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. This note was restructured and assumed by Maplewood Court LP upon sale of the project in September 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. This note was retired upon sale of the project in September 2020.

Maplewood Court LP

Maplewood Court LP obtained construction financing from CHFA for the maximum amount of \$3,800,000. The loan bears interest at 3.75% per annum, and interest only shall be due and payable monthly. Any remaining unpaid indebtedness is due and payable on October 1, 2022.

Permanent financing for Maplewood Court LP is payable to the Connecticut Housing Finance Authority for the original amount of \$813,365. The period commencing on September 30, 2020 and ending on September 20, 2022 is an interest only period. Commencing on October 1, 2022 and ending on October 1, 2052 monthly installments of principal and interest totaling \$3,429 are due. Interest accrues at 3% per annum. The mortgage loan is nonrecourse debt secured by first leasehold interest in the related real estate.

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 – LONG-TERM DEBT (CONT'D)

Maplewood Court LP obtained financing from the State of Connecticut Department of Housing (DOH) in the maximum amount of \$2,156,300. The note is non-amortizing and bears interest 1% per annum, compounded annually. Interest accrual commences July 2022. All unpaid principal and interest become due on July 20, 2062. The mortgage loan is nonrecourse debt secured by the related real estate. There were no draws on this loan as of December 31, 2020.

Maplewood Court LP has a note with the Community Development Block Grant Program through the City of Bridgeport in the original amount of \$350,000 assumed at purchase of the property. The Note was paid down to \$325,000 as agreed per the terms of the transfer and assumption. The Note bears interest compounding at 1% per annum. Interest payments are due annually commencing on January 1, 2021, while principal is due and payable on September 1, 2060. The buildings are pledged as collateral on the loan. As of December 31, 2020, accrued interest totaled \$828.

Maplewood Court LP has a note with the Housing Authority of the City of Bridgeport in the original amount of \$720,000 assumed at purchase of the property. The note bears interest compounding at 1% per annum. All unpaid principal and interest become due on September 1, 2060. The buildings are pledged as collateral on the loan. As of December 31, 2020, accrued interest totaled \$1,835.

Maplewood Court LP obtained financing from CHP not to exceed \$100,000. The loan bears interest at 1% per annum and is secured by related real estate. The loan matures on September 30, 2060.

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.

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 – LONG-TERM DEBT (CONT'D)

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.

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, 2020

NOTE 5 – LONG-TERM DEBT (CONT'D)

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

2021	728,870
2022	252,956
2023	250,391
2024	260,365
2025	262,445
Thereafter	41,976,950
	<u>\$ 43,731,977</u>

Summary of long-term debt activity is as follows:

	Beginning	Additions	Deductions	Ending	Due Within One Year
20-28 Fairfield Commons LLC					
Amortizing Debt	\$ 1,169,689	\$ -	\$ (1,169,689)	\$ -	\$ -
Non-Amortizing-HDF	71,635	-	(71,635)	-	-
Non-Amortizing-City of Stamford	89,900	-	(89,900)	-	-
Fairfield Commons I					
Non-Amortizing-City of Stamford	200,000	-	(80,000)	120,000	-
Fairfield Commons II					
Non-Amortizing-DOH	1,187,000	-	-	1,187,000	-
Non-Amortizing-City of Stamford	120,000	-	-	120,000	-
Merton House LLC					
Non-Amortizing-City of Bridgeport	200,000	-	-	200,000	-
Non-Amortizing-CHFA	6,375,121	-	-	6,375,121	-
Parkside Gables					
Non-Amortizing-City of Stamford	100,000	-	-	100,000	-
Huntington Senior Housing LP					
Amortizing Debt	907,151	-	(22,258)	884,893	23,170
Non-Amortizing-DECD	1,433,000	-	-	1,433,000	-
Yale Street LP					
Amortizing Debt	1,079,837	-	(35,128)	1,044,709	36,560
Non-Amortizing-City of Bridgeport	500,000	-	-	500,000	-
Trinity Park Apartments LP					
Amortizing Debt	968,825	-	(17,422)	951,403	18,239
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	-	(9,305)	201,868	-
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, 2020

NOTE 5 – LONG-TERM DEBT (CONT'D)

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

	Beginning	Additions	Deductions	Ending	Due Within One Year
Maplewood School Apartments					
Amortizing Debt	710,388	-	(710,388)	-	-
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)	-	-
Maplewood Court LP					
Amortizing Debt	-	1,495,806	-	1,495,806	-
Non-Amortizing-DOH	-	201,745	-	201,745	-
Non-Amortizing-City of Bridgeport	-	350,000	(25,000)	325,000	-
Non-Amortizing-HA of Bridgeport	-	720,000	-	720,000	-
Non-Amortizing-HTCC	-	98,623	-	98,623	-
Woodward Cliffs LP					
Amortizing Debt	109,282	-	(14,629)	94,653	15,074
Non-Amortizing-Sponsor	109,527	-	-	109,527	-
Wilton Commons Apartments LP					
Amortizing Debt	1,989,495	-	(23,366)	1,966,129	24,509
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	-
Friendship House Apartments					
Amortizing Debt	7,429,644	-	(80,154)	7,349,490	84,675
Non-Amortizing-Stamford Homes	6,844,937	295,509	(476,711)	6,663,735	-
Non-Amortizing-DECD	2,000,000	-	-	2,000,000	-
Non-Amortizing-City of Stamford	324,352	2,617	-	326,969	-
Operating Fund					
Truck Loans	98,953	-	(30,068)	68,885	26,643
Capital Projects Fund					
RBS National Bank	500,000	-	-	500,000	500,000
	<u>\$45,083,080</u>	<u>\$ 3,164,300</u>	<u>\$ (4,515,403)</u>	<u>\$ 43,731,977</u>	<u>\$ 728,870</u>
Less: Eliminations	<u>(7,524,371)</u>			<u>(7,134,733)</u>	
	<u>\$37,558,709</u>		Less: Current Portion	<u>(728,870)</u>	
			Less: Debt Issuance Costs	<u>(363,401)</u>	
			Long-Term Portion	<u>\$ 35,504,973</u>	

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 – 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% as of December 31, 2020) 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, 2020, CHP incurred and paid interest in the amount of \$4,330.

NOTE 7 – 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 8 – 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, 2020 were \$192,500 and \$32,501, 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 \$171,600 for the year ended December 31, 2020, of which, \$135,550 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.

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, 2020

NOTE 9 – 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, 2020.

NOTE 10 – 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, 2020

NOTE 11 – 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 12 – 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 June 18, 2021, the date which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition and one event for disclosure in the financial statements.

In April 2021, governance of Greenfield Commons LLC was transferred to an unrelated nonprofit organization. Any balances owed to CHP were forgiven at that time. There were no financial transactions or adjustments made in regard to the change in ownership for the year ending December 31, 2020.

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF FINANCIAL POSITION - NEIGHBORWORKS® AMERICA CAPITAL FUND
AS OF DECEMBER 31, 2020**

ASSETS

Cash	\$	6,154
Loans Receivable		221,244
Investment in:		
Trinity Park Mutual Housing LP		433,521
Maplewood Schools Mutual Housing		808,571
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		3,341,676
 Total Assets	 \$	 3,569,074

LIABILITIES AND NET ASSETS

Net Assets without Restrictions		3,569,074
Net Assets Restricted Until Donor Release		-
	\$	3,569,074

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF STATEMENT OF ACTIVITIES - NEIGHBORWORKS® AMERICA CAPITAL FUND
AS OF DECEMBER 31, 2020**

	Restricted	Unrestricted	Total
REVENUE, GAINS AND OTHER SUPPORT			
Capital Grant - NeighborWorks® America			
- Beginning Balance	\$ 2,660,541	\$ 783,533	\$ 3,444,074
 <i>Additions</i>			
NeighborWorks® America Restricted Capital	125,000	-	125,000
 <i>Reductions</i>			
NeighborWorks® America Donor Restricted to Unrestricted Release	(2,785,541)	2,785,541	-
 Net Assets Ending Balance	 \$ -	 \$ 3,569,074	 \$ 3,569,074

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	Wholly- Owned Properties	Controlled Entities / Properties	CHP Operations	Subtotal	Eliminations	Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 122,187	\$ 1,021,483	\$ 746,998	\$ 1,890,668	\$ -	\$ 1,890,668
Cash and Cash Equivalents - Restricted	-	-	338,712	338,712	-	338,712
Tenant Accounts Receivable, net of Allowance	7,280	84,897	-	92,177	-	92,177
Accounts Receivable - HUD	10,840	24,811	-	35,651	-	35,651
Accounts Receivable - Other	-	151,658	-	151,658	-	151,658
Prepaid Expenses	1,123	125,535	-	126,658	-	126,658
Total Current Assets	141,430	1,408,384	1,085,710	2,635,524	-	2,635,524
Restricted Deposits						
Tenant Security Deposits	143,606	229,475	3,353	376,434	-	376,434
Escrow Deposits	14,715	664,490	-	679,205	-	679,205
Replacement Reserves	494,289	874,627	-	1,368,916	-	1,368,916
Other Reserves	339,952	1,314,000	-	1,653,952	-	1,653,952
Total Restricted Deposits	992,562	3,082,592	3,353	4,078,507	-	4,078,507
Rental Property						
Buildings and Improvements	21,115,154	55,526,325	23,455	76,664,934	-	76,664,934
Site Improvements	-	752,435	-	752,435	-	752,435
Furniture and Equipment	268,436	856,635	320,376	1,445,447	-	1,445,447
Total Depreciable Assets	21,383,590	57,135,395	343,831	78,862,816	-	78,862,816
Less: Accumulated Depreciation	(9,625,188)	(17,670,758)	(241,298)	(27,537,244)	-	(27,537,244)
Net Depreciable Assets	11,758,402	39,464,637	102,533	51,325,572	-	51,325,572
Land	423,102	3,326,157	70,000	3,819,259	-	3,819,259
Construction in Progress	-	2,938,996	-	2,938,996	-	2,938,996
Total Rental Property	12,181,504	45,729,790	172,533	58,083,827	-	58,083,827
Other Assets						
Notes Receivable, net of Loss Reserve	-	-	9,143,404	9,143,404	(8,708,475)	434,929
Accounts Receivable - Related Party	(256,328)	(737,785)	914,148	(79,965)	79,965	-
Organizational Costs, net of Amortization	-	638,174	-	638,174	-	638,174
Other Assets	89,352	-	-	89,352	-	89,352
Total Other Assets	(166,976)	(99,611)	10,057,552	9,790,965	(8,628,510)	1,162,455
Total Assets	\$13,148,520	\$ 50,121,155	\$ 11,319,148	\$74,588,823	\$ (8,628,510)	\$65,960,313

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONT'D)
AS OF DECEMBER 31, 2020

	Wholly- Owned Properties	Controlled Entities / Properties	CHP Operations	Subtotal	Eliminations	Total
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts Payable - Operations	144,769	291,381	124,846	560,996	-	560,996
Accounts Payable - Construction	-	1,073,749	-	1,073,749	-	1,073,749
Accrued Wages and Related Liabilities	-	-	42,370	42,370	-	42,370
Accrued Interest Payable	-	9,936	-	9,936	-	9,936
Accrued Liabilities - Other	24,603	1,500	-	26,103	-	26,103
Line of Credit	-	-	258,418	258,418	-	258,418
Unearned Revenue	6,915	21,609	-	28,524	-	28,524
Current Portion of Long-Term Debt	15,074	187,153	526,643	728,870	-	728,870
Total Current Liabilities	<u>191,361</u>	<u>1,585,328</u>	<u>952,277</u>	<u>2,728,966</u>	-	<u>2,728,966</u>
Deposits Liability						
Tenant Security Deposits	66,986	254,042	-	321,028	-	321,028
Membership Fees	50,075	-	344,075	394,150	-	394,150
Total Deposits Liability	<u>117,061</u>	<u>254,042</u>	<u>344,075</u>	<u>715,178</u>	-	<u>715,178</u>
Noncurrent Liabilities						
Mortgages Payable, Amortizing	79,579	13,201,645	-	13,281,224	-	13,281,224
Mortgages Payable, Nonamortizing	8,151,881	20,514,538	-	28,666,419	(6,484,910)	22,181,509
Other Notes Payable	-	1,598,109	42,240	1,640,349	(1,598,109)	42,240
Accrued Interest Payable	2,184,510	1,378,457	103,752	3,666,719	(545,491)	3,121,228
Asset Management Fees Payable - Related Party	-	270,730	-	270,730	-	270,730
Total Noncurrent Liabilities	<u>10,415,970</u>	<u>36,963,479</u>	<u>145,992</u>	<u>47,525,441</u>	<u>(8,628,510)</u>	<u>38,896,931</u>
Total Liabilities	<u>10,724,392</u>	<u>38,802,849</u>	<u>1,442,344</u>	<u>50,969,585</u>	<u>(8,628,510)</u>	<u>42,341,075</u>
Net Assets						
Net Assets without Donor Restrictions	1,267,302	11,318,306	10,028,643	22,614,251	-	22,614,251
Net Assets with Donor Restrictions	1,156,826	-	-	1,156,826	-	1,156,826
Total Net Assets	<u>2,424,128</u>	<u>11,318,306</u>	<u>10,028,643</u>	<u>23,771,077</u>	-	<u>23,771,077</u>
Total Liabilities and Net Assets	<u>\$13,148,520</u>	<u>\$ 50,121,155</u>	<u>\$ 11,470,987</u>	<u>\$74,740,662</u>	<u>\$ (8,628,510)</u>	<u>\$66,112,152</u>

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Wholly-Owned Properties	Controlled Entities / Properties	CHP Operations	Subtotal	Eliminations	Total
Revenue						
Gross Rental Revenues	\$ 728,829	\$ 3,153,220	\$ -	\$ 3,882,049	\$ -	\$ 3,882,049
Tenant Assistance	681,774	2,898,941	-	3,580,715	-	3,580,715
Less: Vacancies and Concessions	(111,168)	(308,602)	-	(419,770)	-	(419,770)
Net Rental Revenue	1,299,435	5,743,559	-	7,042,994	-	7,042,994
Local Grants and Contributions	-	-	355,174	355,174	-	355,174
Federal and State Grants	-	168,505	621,314	789,819	-	789,819
Fees for Services	-	140,374	461,089	601,463	(360,520)	240,943
Other Revenue	124,292	92,815	9,222	226,329	(93,672)	132,657
Total Revenue	1,423,727	6,145,253	1,446,799	9,015,779	(454,192)	8,561,587
Operating Expenses						
<i>Program:</i>						
Salaries and Wages	256,340	918,366	81,495	1,256,201	-	1,256,201
Professional Fees	49,092	107,909	-	157,001	-	157,001
Office Expenses	23,143	50,068	-	73,211	-	73,211
Miscellaneous	72,868	174,742	-	247,610	-	247,610
Tenant Services	2,024	293,881	-	295,905	-	295,905
Utilities	201,594	573,242	-	774,836	-	774,836
Operating & Maintenance	350,072	770,853	371,940	1,492,865	(229,222)	1,263,643
Taxes and Insurance	288,641	848,247	-	1,136,888	-	1,136,888
Total Program	1,243,774	3,737,308	453,435	5,434,517	(229,222)	5,205,295
<i>Management and General:</i>						
Salaries and Wages	-	-	686,151	686,151	-	686,151
Management and Bookkeeping Fees	82,212	319,527	-	401,739	(224,970)	176,769
Professional Fees	-	-	323,749	323,749	-	323,749
Office Expenses	-	-	33,492	33,492	-	33,492
Misc. Administrative Expenses	-	-	49,004	49,004	-	49,004
Taxes and Insurance	-	-	43,363	43,363	-	43,363
Total Management and General	82,212	319,527	1,135,759	1,537,498	(224,970)	1,312,528
<i>Fundraising:</i>						
Misc. Administrative Expenses	-	-	3,417	3,417	-	3,417
Total Fundraising	-	-	3,417	3,417	-	3,417
Total Operating Expenses	1,325,986	4,056,835	1,592,611	6,975,432	(454,192)	6,521,240
Net Operating Income (Loss)	97,741	2,088,418	(145,812)	2,040,347	-	2,040,347
Other Income (Expenses)						
Related Party Fees	-	(32,027)	-	(32,027)	-	(32,027)
Capital Contributions	-	596,492	-	596,492	-	596,492
Interest Income	4,348	13,288	227,628	245,264	(229,453)	15,811
Interest Expense	(266,424)	(1,101,247)	(15,934)	(1,383,605)	229,453	(1,154,152)
Gain (Loss) on Disposal of Assets	92,263	1,882,422	(1,337,771)	636,914	-	636,914
Depreciation & Amortization Expense	(612,369)	(1,694,716)	(33,650)	(2,340,735)	-	(2,340,735)
Total Other Income (Expenses)	(782,182)	(335,788)	(1,159,727)	(2,277,697)	-	(2,277,697)
Change in Net Assets	\$ (684,441)	\$ 1,752,630	\$ (1,305,539)	\$ (237,350)	\$ -	\$ (237,350)

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF CONSOLIDATING STATEMENTS – WHOLLY OWNED PROPERTIES
AS OF DECEMBER 31, 2020

	Fairfield Commons I	Fairfield Commons II	Greenfield Commons	Merton House	Woodward Cliffs LP	Parkside Gables	Total
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 18,153	\$ 33,223	\$ 18,565	\$ 46,156	\$ 3,174	\$ 2,916	\$ 122,187
Cash and Cash Equivalents - Restricted	-	-	-	-	-	-	-
Tenant Accounts Receivable, net of Allowance	244	1,358	23	-	1,621	4,034	7,280
Accounts Receivable - HUD	-	9,171	96	1,573	-	-	10,840
Accounts Receivable - Other	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	1,123	-	1,123
Total Current Assets	<u>18,397</u>	<u>43,752</u>	<u>18,684</u>	<u>47,729</u>	<u>5,918</u>	<u>6,950</u>	<u>141,430</u>
Restricted Deposits							
Tenant Security Deposits	1,321	15,760	4,846	8,169	5,516	107,994	143,606
Escrow Deposits	-	-	-	7,020	7,695	-	14,715
Replacement Reserves	49,922	7,980	109,361	106,173	18,606	202,247	494,289
Other Reserves	18,070	-	-	321,882	-	-	339,952
Total Restricted Deposits	<u>69,313</u>	<u>23,740</u>	<u>114,207</u>	<u>443,244</u>	<u>31,817</u>	<u>310,241</u>	<u>992,562</u>
Rental Property							
Buildings and Improvements	1,432,682	1,790,078	1,731,699	6,853,486	222,112	9,085,097	21,115,154
Site Improvements	-	-	-	-	-	-	-
Furniture and Equipment	60,001	-	9,671	3,548	6,000	189,216	268,436
Total Depreciable Assets	<u>1,492,683</u>	<u>1,790,078</u>	<u>1,741,370</u>	<u>6,857,034</u>	<u>228,112</u>	<u>9,274,313</u>	<u>21,383,590</u>
Less: Accumulated Depreciation	<u>(206,545)</u>	<u>(44,748)</u>	<u>(536,046)</u>	<u>(2,495,188)</u>	<u>(228,112)</u>	<u>(6,114,549)</u>	<u>(9,625,188)</u>
Net Depreciable Assets	<u>1,286,138</u>	<u>1,745,330</u>	<u>1,205,324</u>	<u>4,361,846</u>	<u>-</u>	<u>3,159,764</u>	<u>11,758,402</u>
Land	163,102	-	-	-	260,000	-	423,102
Construction in Progress	-	-	-	-	-	-	-
Total Rental Property	<u>1,449,240</u>	<u>1,745,330</u>	<u>1,205,324</u>	<u>4,361,846</u>	<u>260,000</u>	<u>3,159,764</u>	<u>12,181,504</u>
Other Assets							
Accounts Receivable - Related Party	(3,472)	(41,624)	(118,856)	33,121	(98,385)	(27,112)	(256,328)
Organizational Costs, net of Amortization	-	-	-	-	-	-	-
Other Assets	-	-	-	88,002	1,350	-	89,352
Total Other Assets	<u>(3,472)</u>	<u>(41,624)</u>	<u>(118,856)</u>	<u>121,123</u>	<u>(97,035)</u>	<u>(27,112)</u>	<u>(166,976)</u>
Total Assets	<u>\$ 1,533,478</u>	<u>\$ 1,771,198</u>	<u>\$ 1,219,359</u>	<u>\$ 4,973,942</u>	<u>\$ 200,700</u>	<u>\$ 3,449,843</u>	<u>\$13,148,520</u>

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF CONSOLIDATING STATEMENTS – WHOLLY OWNED PROPERTIES
AS OF DECEMBER 31, 2020

	Fairfield Commons I	Fairfield Commons II	Greenfield Commons	Merton House	Woodward Cliffs LP	Parkside Gables	Total
LIABILITIES AND NET ASSETS							
Current Liabilities							
Accounts Payable - Operations	22,206	831	14,003	12,777	12,666	82,286	144,769
Accounts Payable - Construction	-	-	-	-	-	-	-
Accrued Wages and Related Liabilities	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-	-
Accrued Liabilities - Other	-	-	-	-	-	24,603	24,603
Line of Credit	-	-	-	-	-	-	-
Unearned Revenue	430	-	-	-	-	6,485	6,915
Current Portion of Long-Term Debt	-	-	-	-	15,074	-	15,074
Total Current Liabilities	<u>22,636</u>	<u>831</u>	<u>14,003</u>	<u>12,777</u>	<u>27,740</u>	<u>113,374</u>	<u>191,361</u>
Deposits Liability							
Tenant Security Deposits	1,324	-	4,846	7,980	3,359	49,477	66,986
Membership Fees	-	-	-	-	-	50,075	50,075
Total Deposits Liability	<u>1,324</u>	<u>-</u>	<u>4,846</u>	<u>7,980</u>	<u>3,359</u>	<u>99,552</u>	<u>117,061</u>
Noncurrent Liabilities							
Mortgages Payable, Amortizing	-	-	-	-	79,579	-	79,579
Mortgages Payable, Nonamortizing	120,000	1,307,002	-	6,515,352	109,527	100,000	8,151,881
Other Notes Payable	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	2,084,252	100,258	-	2,184,510
Asset Management Fees Payable - Related Party	-	-	-	-	-	-	-
Total Noncurrent Liabilities	<u>120,000</u>	<u>1,307,002</u>	<u>-</u>	<u>8,599,604</u>	<u>289,364</u>	<u>100,000</u>	<u>10,415,970</u>
Total Liabilities	<u>143,960</u>	<u>1,307,833</u>	<u>18,849</u>	<u>8,620,361</u>	<u>320,463</u>	<u>312,926</u>	<u>10,724,392</u>
Net Assets							
Net Assets without Donor Restrictions	1,056,860	463,365	376,342	(3,646,419)	(119,763)	3,136,917	1,267,302
Net Assets with Donor Restrictions	332,658	-	824,168	-	-	-	1,156,826
Total Net Assets	<u>1,389,518</u>	<u>463,365</u>	<u>1,200,510</u>	<u>(3,646,419)</u>	<u>(119,763)</u>	<u>3,136,917</u>	<u>2,424,128</u>
Total Liabilities and Net Assets	<u>\$ 1,533,478</u>	<u>\$ 1,771,198</u>	<u>\$ 1,219,359</u>	<u>\$ 4,973,942</u>	<u>\$ 200,700</u>	<u>\$ 3,449,843</u>	<u>\$13,148,520</u>

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF CONSOLIDATING STATEMENTS – WHOLLY OWNED PROPERTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	20-28 Fairfield Commons	Fairfield Commons I	Fairfield Commons II	Greenfield Commons	Merton House	Woodward Cliffs LP	Parkside Gables	Total
Revenue								
Gross Rental Revenues	\$ -	\$ 26,261	\$ 8,260	\$ 55,633	\$ 77,731	\$ 35,598	\$ 525,346	\$ 728,829
Tenant Assistance	-	54,122	102,755	71,087	358,019	10,219	85,572	681,774
Less: Vacancies and Concessions	-	-	-	-	(19,655)	-	(91,513)	(111,168)
Net Rental Revenue	-	80,383	111,015	126,720	416,095	45,817	519,405	1,299,435
Other Revenue	-	10,519	47,133	3,393	67	61,960	1,220	124,292
Total Revenue	-	90,902	158,148	130,113	416,162	107,777	520,625	1,423,727
Operating Expenses								
<i>Program:</i>								
Salary and Wages	-	15,992	14,193	27,860	53,376	5,096	139,823	256,340
Professional Fees	7,600	6,489	373	6,323	8,595	-	19,712	49,092
Office Expenses	300	369	752	5,889	1,688	380	13,765	23,143
Miscellaneous	43	5,002	2,600	9,242	10,729	2,394	42,858	72,868
Tenant Services	-	744	1,075	-	205	-	-	2,024
Utilities	5,813	12,353	11,401	12,269	85,381	5,661	68,716	201,594
Operating & Maintenance	1,599	13,528	5,930	20,020	134,934	11,646	162,415	350,072
Taxes and Insurance	27,108	19,774	21,494	16,547	20,352	14,272	169,094	288,641
Total Program	42,463	74,251	57,818	98,150	315,260	39,449	616,383	1,243,774
<i>Management and General:</i>								
Salaries and Wages	-	-	-	-	-	-	-	-
Management and Bookkeeping Fees	1,796	4,284	4,284	7,440	24,708	9,884	29,816	82,212
Other General Expenses	-	-	-	-	-	-	-	-
Total Management and General	1,796	4,284	4,284	7,440	24,708	9,884	29,816	82,212
Total Operating Expenses	44,259	78,535	62,102	105,590	339,968	49,333	646,199	1,325,986
Net Operating Income (Loss)	(44,259)	12,367	96,046	24,523	76,194	58,444	(125,574)	97,741
Other Income (Expenses)								
Related Party Fees	-	-	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-	-	-
Interest Income	-	1	200	19	2,758	118	1,252	4,348
Interest Expense	-	-	-	(129)	(256,997)	(9,298)	-	(266,424)
Gain on Disposal of Assets	92,263	-	-	-	-	-	-	92,263
Depreciation & Amortization Expense	(2,910)	(41,309)	(44,748)	(43,292)	(251,367)	-	(228,743)	(612,369)
Total Other Income (Expenses)	89,353	(41,308)	(44,548)	(43,402)	(505,606)	(9,180)	(227,491)	(782,182)
Change in Net Assets	\$ 45,094	\$ (28,941)	\$ 51,498	\$ (18,879)	\$ (429,412)	\$ 49,264	\$ (353,065)	\$ (684,441)

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF CONSOLIDATING STATEMENTS – CONTROLLED ENTITIES / PROPERTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Friendship House Apartments LP	Huntington Senior Housing LP	Maplewood Court LP	Trinity Park Apartments LP	Wilton Commons Apartments LP	Wilton Commons II, LLC	Yale Street LP	Total
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ 589,415	\$ 11,554	\$ 135,847	\$ 181,395	\$ 47,149	\$ 11,424	\$ 44,699	\$ 1,021,483
Cash and Cash Equivalents - Restricted	-	-	-	-	-	-	-	-
Tenant Accounts Receivable, net of Allowance	35,320	4,049	21,808	1,120	2,751	8,408	11,441	84,897
Accounts Receivable - Subsidy	-	11,842	2,030	-	606	375	9,958	24,811
Accounts Receivable - Other	151,658	-	-	-	-	-	-	151,658
Prepaid Expenses	92,844	10,323	-	-	11,333	-	11,035	125,535
Total Current Assets	<u>869,237</u>	<u>37,768</u>	<u>159,685</u>	<u>182,515</u>	<u>61,839</u>	<u>20,207</u>	<u>77,133</u>	<u>1,408,384</u>
Restricted Deposits								
Tenant Security Deposits	96,502	23,341	13,059	-	58,918	-	37,655	229,475
Escrow Deposits	189,814	32,858	219,642	88,618	57,946	-	75,612	664,490
Replacement Reserves	271,652	213,480	12,462	70,693	187,535	6,000	112,805	874,627
Other Reserves	502,373	82,590	163,204	261,122	302,339	-	2,372	1,314,000
Total Restricted Deposits	<u>1,060,341</u>	<u>352,269</u>	<u>408,367</u>	<u>420,433</u>	<u>606,738</u>	<u>6,000</u>	<u>228,444</u>	<u>3,082,592</u>
Rental Property								
Buildings and Improvements	21,531,933	7,747,891	864,340	5,792,370	10,040,790	5,169,668	4,379,333	55,526,325
Site Improvements	306,624	-	-	356,169	11,242	78,400	-	752,435
Furniture and Equipment	321,477	69,633	-	244,650	27,919	187,956	5,000	856,635
Total Depreciable Assets	<u>22,160,034</u>	<u>7,817,524</u>	<u>864,340</u>	<u>6,393,189</u>	<u>10,079,951</u>	<u>5,436,024</u>	<u>4,384,333</u>	<u>57,135,395</u>
Less: Accumulated Depreciation	<u>(6,330,411)</u>	<u>(4,027,629)</u>	<u>(7,203)</u>	<u>(887,099)</u>	<u>(1,947,893)</u>	<u>(731,075)</u>	<u>(3,739,448)</u>	<u>(17,670,758)</u>
Net Depreciable Assets	<u>15,829,623</u>	<u>3,789,895</u>	<u>857,137</u>	<u>5,506,090</u>	<u>8,132,058</u>	<u>4,704,949</u>	<u>644,885</u>	<u>39,464,637</u>
Land	944,735	76,000	385,660	1,450,000	80,085	-	389,677	3,326,157
Construction in Progress	877,660	-	1,868,911	-	-	-	192,425	2,938,996
Total Rental Property	<u>17,652,018</u>	<u>3,865,895</u>	<u>3,111,708</u>	<u>6,956,090</u>	<u>8,212,143</u>	<u>4,704,949</u>	<u>1,226,987</u>	<u>45,729,790</u>
Other Assets								
Notes Receivable, net of Loss Reserve	-	-	-	-	-	-	-	-
Accounts Receivable - Related Party	-	(347,098)	(51,060)	(5,362)	(166,662)	(104,506)	(63,097)	(737,785)
Organizational Costs, net of Amortization	27,834	-	551,739	32,954	12,142	-	13,505	638,174
Other Assets	-	-	-	-	-	-	-	-
Total Other Assets	<u>27,834</u>	<u>(347,098)</u>	<u>500,679</u>	<u>27,592</u>	<u>(154,520)</u>	<u>(104,506)</u>	<u>(49,592)</u>	<u>(99,611)</u>
Total Assets	<u>\$19,609,430</u>	<u>\$ 3,908,834</u>	<u>\$ 4,180,439</u>	<u>\$ 7,586,630</u>	<u>\$ 8,726,200</u>	<u>\$ 4,626,650</u>	<u>\$ 1,482,972</u>	<u>\$50,121,155</u>

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF CONSOLIDATING STATEMENTS – CONTROLLED ENTITIES / PROPERTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Friendship House Apartments LP	Huntington Senior Housing LP	Maplewood Court LP	Trinity Park Apartments LP	Wilton Commons Apartments LP	Wilton Commons II, LLC	Yale Street LP	Total
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts Payable - Operations	212,964	9,894	9,562	13,862	16,364	18,368	10,367	291,381
Accounts Payable - Construction	-	-	1,071,797	-	-	1,952	-	1,073,749
Accrued Wages and Related Liabilities	-	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	2,663	-	7,273	-	-	9,936
Accrued Liabilities - Other	-	-	1,500	-	-	-	-	1,500
Line of Credit	-	-	-	-	-	-	-	-
Unearned Revenue	-	3,732	5,439	3,419	4,608	2,533	1,878	21,609
Current Portion of Long-Term Debt	84,675	23,170	-	18,239	24,509	-	36,560	187,153
Total Current Liabilities	<u>297,639</u>	<u>36,796</u>	<u>1,090,961</u>	<u>35,520</u>	<u>52,754</u>	<u>22,853</u>	<u>48,805</u>	<u>1,585,328</u>
Deposits Liability								
Tenant Security Deposits	91,465	18,358	12,136	40,178	53,799	-	38,106	254,042
Membership Fees	-	-	-	-	-	-	-	-
Total Deposits Liability	<u>91,465</u>	<u>18,358</u>	<u>12,136</u>	<u>40,178</u>	<u>53,799</u>	<u>-</u>	<u>38,106</u>	<u>254,042</u>
Noncurrent Liabilities								
Mortgages Payable, Amortizing	7,138,654	816,053	1,495,806	867,399	1,888,067	-	995,666	13,201,645
Mortgages Payable, Nonamortizing	8,990,704	1,433,000	1,345,368	4,204,868	4,040,598	-	500,000	20,514,538
Other Notes Payable	-	334,119	-	380,000	744,286	-	139,704	1,598,109
Accrued Interest Payable	-	195,135	-	469,253	25,536	-	688,533	1,378,457
Asset Management Fees Payable - Related Party	-	29,621	-	-	91,109	-	150,000	270,730
Total Noncurrent Liabilities	<u>16,129,358</u>	<u>2,807,928</u>	<u>2,841,174</u>	<u>5,921,520</u>	<u>6,789,596</u>	<u>-</u>	<u>2,473,903</u>	<u>36,963,479</u>
Total Liabilities	<u>16,518,462</u>	<u>2,863,082</u>	<u>3,944,271</u>	<u>5,997,218</u>	<u>6,896,149</u>	<u>22,853</u>	<u>2,560,814</u>	<u>38,802,849</u>
Net Assets								
Net Assets without Donor Restrictions	3,090,968	1,045,752	236,168	1,589,412	1,830,051	4,603,797	(1,077,842)	11,318,306
Net Assets with Donor Restrictions	-	-	-	-	-	-	-	-
Total Net Assets	<u>3,090,968</u>	<u>1,045,752</u>	<u>236,168</u>	<u>1,589,412</u>	<u>1,830,051</u>	<u>4,603,797</u>	<u>(1,077,842)</u>	<u>11,318,306</u>
Total Liabilities and Net Assets	<u>\$19,609,430</u>	<u>\$ 3,908,834</u>	<u>\$ 4,180,439</u>	<u>\$ 7,586,630</u>	<u>\$ 8,726,200</u>	<u>\$ 4,626,650</u>	<u>\$ 1,482,972</u>	<u>\$50,121,155</u>

MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
SCHEDULE OF CONSOLIDATING STATEMENTS – CONTROLLED ENTITIES / PROPERTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Friendship House Apartments LP	Huntington Senior Housing LP	Maplewood Court LP	Maplewood School Apartments LP	Trinity Park Apartments LP	Wilton Commons Apartments LP	Wilton Commons II, LLC	Yale Street LP	Total
Revenue									
Gross Rental Revenues	\$ 897,745	\$ 216,542	\$ 88,988	\$ 252,165	\$ 541,667	\$ 690,992	\$ 96,362	\$ 368,759	\$ 3,153,220
Tenant Assistance	1,895,846	238,536	22,350	42,615	354,436	47,788	107,050	190,320	2,898,941
Less: Vacancies and Concessions	(25,946)	(5,986)	(61,939)	(109,702)	(31,933)	(37,968)	(21,814)	(13,314)	(308,602)
Net Rental Revenue	2,767,645	449,092	49,399	185,078	864,170	700,812	181,598	545,765	5,743,559
Federal and State Grants	-	-	-	-	-	-	168,505	-	168,505
Fees for Services	-	-	-	-	-	-	140,374	-	140,374
Other Revenue	57,671	1,567	2,063	-	1,428	5,492	24,373	221	92,815
Total Revenue	2,825,316	450,659	51,462	185,078	865,598	706,304	514,850	545,986	6,145,253
Operating Expenses									
<i>Program:</i>									
Salaries and Wages	372,509	97,072	13,405	50,862	114,157	114,384	55,890	100,087	918,366
Professional Fees	43,865	11,677	8,500	1,541	14,471	10,355	8,000	9,500	107,909
Office Expenses	20,945	2,508	1,249	11,773	5,182	5,020	1,542	1,849	50,068
Miscellaneous	58,164	18,605	1,928	7,595	31,986	20,756	16,949	18,759	174,742
Tenant Services	12,897	7,148	-	-	-	21,898	251,767	171	293,881
Utilities	188,259	53,187	5,297	24,965	123,541	68,566	56,894	52,533	573,242
Operating & Maintenance	312,296	45,735	6,175	24,487	176,612	87,393	72,991	45,164	770,853
Taxes and Insurance	235,034	83,510	7,488	103,889	112,605	114,480	45,697	145,544	848,247
Total Program	1,243,969	319,442	44,042	225,112	578,554	442,852	509,730	373,607	3,737,308
<i>Management and General:</i>									
Salaries and Wages	-	-	-	-	-	-	-	-	-
Management and Bookkeeping Fees	146,413	21,566	4,062	20,686	44,012	38,520	12,552	31,716	319,527
Other General Expenses	-	-	-	-	-	-	-	-	-
Total Management and General	146,413	21,566	4,062	20,686	44,012	38,520	12,552	31,716	319,527
Total Operating Expenses	1,390,382	341,008	48,104	245,798	622,566	481,372	522,282	405,323	4,056,835
Net Operating Income (Loss)	1,434,934	109,651	3,358	(60,720)	243,032	224,932	(7,432)	140,663	2,088,418
Other Income (Expenses)									
Related Party Fees	(9,785)	(3,000)	(1,500)	-	-	(17,742)	-	-	(32,027)
Capital Contributions	343,008	-	253,484	-	-	-	-	-	596,492
Interest Income	7,878	2,130	44	-	174	2,305	-	757	13,288
Interest Expense	(708,986)	(54,113)	(2,663)	(32,911)	(129,290)	(99,970)	-	(73,314)	(1,101,247)
Gain (Loss) on Disposal of Assets	-	-	-	1,882,422	-	-	-	-	1,882,422
Depreciation & Amortization Expense	(573,904)	(284,991)	(16,555)	(61,501)	(190,173)	(256,836)	(172,060)	(138,696)	(1,694,716)
Total Other Income (Expenses)	(941,789)	(339,974)	232,810	1,788,010	(319,289)	(372,243)	(172,060)	(211,253)	(335,788)
Change in Net Assets	\$ 493,145	\$ (230,323)	\$ 236,168	\$ 1,727,290	\$ (76,257)	\$ (147,311)	\$ (179,492)	\$ (70,590)	\$ 1,752,630

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, 2020, 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 18, 2021.

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 item 2020-001 that we consider to be a significant deficiency.

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 18, 2021

**MUTUAL HOUSING ASSOCIATION OF SOUTHWESTERN CONNECTICUT, INC.
 SCHEDULE OF FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

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 (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Finding 2020-001 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, 2020

Finding 2019-001 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.