

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

Consolidating Financial Statements  
and  
Independent Auditors' Reports

June 30, 2023

# Way Finders, Inc. and Subsidiaries

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**DANIEL DENNIS & Co**  
Certified Public Accountants

*Independent Auditors' Report*

To the Board of Directors of  
**Way Finders, Inc.**

**Report on the Financial Statements**

***Opinion***

We have audited the accompanying consolidating financial statements of Way Finders, Inc., (a nonprofit organization) and subsidiaries (collectively, the Organization), which comprise the consolidating statement of financial position as of June 30, 2023, and the related consolidating statements of activities, changes in net assets/(deficit), functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, the consolidating financial statements present fairly, in all material respects, the financial position of Way Finders, Inc. and subsidiaries as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board's Accounting Standards Update No. 2016-02, *Leases (Topic 842)* and related amendments. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidating financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidating financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidating financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying supplementary information shown on pages 76 to 80 is presented for the purpose of additional analysis and is not a required part of the consolidating financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for the purpose of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidating financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the Organization's internal control over financial reporting and compliance.

*Daniel Dennis & Company LLP*

*January 26, 2024*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Financial Position**  
**June 30, 2023**

<i>Assets</i>						
	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
<i>Current Assets</i>						
Cash	\$ 5,395,419	\$ 2,472,601	\$ 1,566,005	\$ 445,044	\$ -	\$ 9,879,069
Restricted cash	14,417,000	-	-	80,625	-	14,497,625
Grants receivable	2,336,263	810,019	13,454	-	-	3,159,736
Accounts receivable	527,532	-	599,847	505,304	(130,668)	1,502,015
Parent/subsidiaries receivables	7,218,934	-	-	-	(7,218,934)	-
Small business loans receivable, net	-	1,370,101	-	-	(4,431)	1,365,670
Other loans receivable, net	15,660	10,000	-	-	-	25,660
Interest receivable	-	14,713	-	-	(3,634)	11,079
Investments	-	-	58,403	-	-	58,403
Prepaid expenses and other assets	498,213	23,530	109,838	3,984	-	635,565
Total current assets	<u>30,409,021</u>	<u>4,700,964</u>	<u>2,347,547</u>	<u>1,034,957</u>	<u>(7,357,667)</u>	<u>31,134,822</u>
<i>Property and Equipment</i>						
Land	170,000	-	9,863,031	3,732,063	(322,871)	13,442,223
Buildings and improvements	3,468,765	-	156,736,600	10,564,679	(6,724,348)	164,045,696
Furniture and equipment	3,500,083	38,084	1,258,630	253,128	82,177	5,132,102
Software	406,736	29,950	-	-	-	436,686
Less: accumulated depreciation	(3,921,289)	(68,034)	(44,687,521)	(1,016,726)	825,925	(48,867,645)
Net property and equipment	<u>3,624,295</u>	<u>-</u>	<u>123,170,740</u>	<u>13,533,144</u>	<u>(6,139,117)</u>	<u>134,189,062</u>
<i>Other Assets</i>						
Investments	642,530	30,405	(136,566)	109,755	(564,209)	81,915
Restricted cash	921,937	780,715	8,377,111	51,772	-	10,131,535
Restricted investments	-	-	124,413	-	-	124,413
Work in progress	2,961,799	-	15,553,047	3,982,189	(1,189,566)	21,307,469
Operating lease right-of-use asset	9,104,734	-	55,251	1,231,045	(10,226,550)	164,480
Small business loans receivable, net	-	5,470,990	-	-	(386,335)	5,084,655
Other loans receivable, net	20,670,043	-	81,150	-	(1,480,310)	19,270,883
Intangible assets, net	92,394	-	418,530	200	-	511,124
Total other assets	<u>34,393,437</u>	<u>6,282,110</u>	<u>24,472,936</u>	<u>5,374,961</u>	<u>(13,846,970)</u>	<u>56,676,474</u>
Total assets	<u>\$ 68,426,753</u>	<u>\$ 10,983,074</u>	<u>\$ 149,991,223</u>	<u>\$ 19,943,062</u>	<u>\$ (27,343,754)</u>	<u>\$ 222,000,358</u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Financial Position – *Continued*  
June 30, 2023

*Liabilities and Net Assets*

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
<i>Current Liabilities</i>						
Accounts payable	\$ 950,137	\$ 8,480	\$ 5,768,014	\$ 146,215	\$ (122,202)	\$ 6,750,644
Parent/subsidiaries payables	-	22,872	2,372,244	3,699,061	(6,094,177)	-
Accrued expenses	1,772,922	125,197	1,191,926	151,175	(17,271)	3,223,949
Advances on grants and contracts	9,655,794	15,000	656,891	-	-	10,327,685
Mortgages and notes payable	570,885	412,222	10,896,398	400,000	(4,431)	12,275,074
Non-amortizing notes payable	53,540	-	1,050,395	101,500	-	1,205,435
Operating lease liability	172,904	-	222	65,127	(184,144)	54,109
Deferred revenue	27,269	-	53,256	2,509	-	83,034
Total current liabilities	<u>13,203,451</u>	<u>583,771</u>	<u>21,989,346</u>	<u>4,565,587</u>	<u>(6,422,225)</u>	<u>33,919,930</u>
<i>Noncurrent Liabilities</i>						
Amortizing notes payable	13,243,289	3,124,593	12,158,945	14,218,377	(386,335)	42,358,869
Non-amortizing notes payable	846,239	-	59,198,700	298,500	(13,590,148)	46,753,291
Operating lease liability	10,021,593	-	55,029	1,220,409	(11,186,660)	110,371
Escrow liabilities	455,050	20,000	534,455	5,533	-	1,015,038
Advances on grants and contracts	12,236,247	-	1,064,228	-	-	13,300,475
Accrued interest	-	-	13,004,659	-	(4,122,394)	8,882,265
Total noncurrent liabilities	<u>36,802,418</u>	<u>3,144,593</u>	<u>86,016,016</u>	<u>15,742,819</u>	<u>(29,285,537)</u>	<u>112,420,309</u>
Total liabilities	<u>50,005,869</u>	<u>3,728,364</u>	<u>108,005,362</u>	<u>20,308,406</u>	<u>(35,707,762)</u>	<u>146,340,239</u>
<i>Net Assets</i>						
Non-controlling interest	-	-	36,118,615	-	-	36,118,615
Without donor restrictions						
Board designated for affordable housing program	2,964,851	-	-	-	-	2,964,851
Undesignated	12,231,500	6,484,508	(4,016,592)	(365,344)	8,364,008	22,698,080
With donor restrictions	3,224,533	770,202	9,883,838	-	-	13,878,573
Total net assets	<u>18,420,884</u>	<u>7,254,710</u>	<u>41,985,861</u>	<u>(365,344)</u>	<u>8,364,008</u>	<u>75,660,119</u>
Total liabilities and net assets	<u>\$ 68,426,753</u>	<u>\$ 10,983,074</u>	<u>\$ 149,991,223</u>	<u>\$ 19,943,062</u>	<u>\$ (27,343,754)</u>	<u>\$ 222,000,358</u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Activities**  
**For the Year Ended June 30, 2023**

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
<b>Changes in Net Assets Without Donor Restrictions</b>						
<i>Revenue and Support</i>						
Contributions	\$ 740,455	\$ 190,536	\$ -	\$ -	\$ -	\$ 930,991
Contributions and grants - lending capital	-	263,750	-	-	-	263,750
Grant assistance payments	83,966,716	-	-	-	-	83,966,716
Grants - Neighbor Works America	392,750	-	-	-	-	392,750
Government grants and contracts	22,619,015	530,834	688,276	-	-	23,838,125
Program fees	393,587	33,353	159,119	-	(16,458)	569,601
Property and asset management fees	653,868	-	-	-	(552,382)	101,486
Developer fees	750,915	-	-	378,500	(750,915)	378,500
Lending interest income	287,055	466,183	-	-	(169,976)	583,262
Investment income	117,275	2,205	106,040	265	-	225,785
Rental income	480,954	-	8,046,727	705,344	(760,577)	8,472,448
Release from restriction	123,826	431,917	163,142	-	-	718,885
<b>Total revenue and support</b>	<b>110,526,416</b>	<b>1,918,778</b>	<b>9,163,304</b>	<b>1,084,109</b>	<b>(2,250,308)</b>	<b>120,442,299</b>
<i>Expenses</i>						
Rental assistance	56,031,915	-	-	-	-	56,031,915
Client services	47,904,645	-	-	-	(16,458)	47,888,187
Small business lending	-	1,264,194	-	-	-	1,264,194
Home ownership services	875,006	-	-	-	-	875,006
Real estate development & property management	3,012,482	-	-	351,825	(186,526)	3,177,781
Rental properties	438,194	-	14,077,093	554,395	(1,018,205)	14,051,477
Fundraising	424,913	-	-	-	-	424,913
General and administrative	3,370,964	219,203	805,785	148,636	(1,229,038)	3,315,550
<b>Total expenses</b>	<b>112,058,119</b>	<b>1,483,397</b>	<b>14,882,878</b>	<b>1,054,856</b>	<b>(2,450,227)</b>	<b>127,029,023</b>
Change in net assets without donor restrictions	(1,531,703)	435,381	(5,719,574)	29,253	199,919	(6,586,724)

*See accompanying notes to consolidating financial statements.*



**Way Finders, Inc. and Subsidiaries**  
 Consolidating Statement of Activities – *Continued*  
 For the Year Ended June 30, 2023

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
<b>Changes in Net Assets With Donor Restrictions</b>						
Contributions	\$ 2,060,000	\$ -	\$ -	\$ -	\$ -	\$ 2,060,000
Contributions and grants - lending capital	-	500,000	-	-	-	500,000
Grants - Neighbor Works America	150,000	-	-	-	-	150,000
Release from restriction	<u>(123,826)</u>	<u>(431,917)</u>	<u>(163,142)</u>	<u>-</u>	<u>-</u>	<u>(718,885)</u>
Change in net assets with donor restrictions	<u>2,086,174</u>	<u>68,083</u>	<u>(163,142)</u>	<u>-</u>	<u>-</u>	<u>1,991,115</u>
Change in net assets	554,471	503,464	(5,882,716)	29,253	199,919	(4,595,609)
Less amounts attributed to noncontrolling interest	<u>-</u>	<u>-</u>	<u>4,887,568</u>	<u>-</u>	<u>-</u>	<u>4,887,568</u>
<b>Change in net assets, controlling interest</b>	<u><u>\$ 554,471</u></u>	<u><u>\$ 503,464</u></u>	<u><u>\$ (995,148)</u></u>	<u><u>\$ 29,253</u></u>	<u><u>\$ 199,919</u></u>	<u><u>\$ 291,959</u></u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
 Consolidating Statement of Changes in Net Assets/(Deficit)  
 For the Year Ended June 30, 2023

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Net assets at beginning of year	\$ 17,866,413	\$ 6,751,246	\$ 46,953,668	\$ (394,597)	\$ 8,164,089	\$ 79,340,819
Capital contribution	-	-	914,909	-	-	914,909
Change in net assets	<u>554,471</u>	<u>503,464</u>	<u>(5,882,716)</u>	<u>29,253</u>	<u>199,919</u>	<u>(4,595,609)</u>
Net assets at end of year	<u>\$ 18,420,884</u>	<u>\$ 7,254,710</u>	<u>\$ 41,985,861</u>	<u>\$ (365,344)</u>	<u>\$ 8,364,008</u>	<u>\$ 75,660,119</u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

	Way Finders					Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries		Eliminations	Consolidated Program Services
	Rental Assistance	Client Services	Home Ownership	Real Estate Development & Property Mgmt.	Rental Properties	Small Business Lending	Rental Properties	Real Estate Development & Property Mgmt.	Rental Properties		
<b>Expenses:</b>											
Salaries	\$ 3,326,546	\$ 6,041,332	\$ 528,907	\$ 1,487,279	\$ 78,860	\$ 569,329	\$ 1,295,965	\$ 253,578	\$ -	\$ (133,403)	\$ 13,448,393
Payroll tax and fringe benefits	790,139	1,435,049	128,878	263,434	17,154	104,225	305,087	40,519	-	(23,136)	3,061,349
Employee training	17,261	60,984	8,844	21,318	-	-	100	-	-	-	108,507
Professional services	69,821	893,232	16,875	365,346	7,854	98,414	213,657	2,688	-	(16,458)	1,651,429
Contract services	33,514	213,628	7,506	10,008	-	-	14,638	-	-	-	279,294
Communications	14,992	99,692	4,386	3,756	8,999	-	122,790	-	-	-	254,615
Postage	82,827	10,020	715	4,206	511	1,147	3,956	-	-	-	103,382
Materials production	31,368	43,296	5,875	8,234	802	549	15,784	3,322	-	-	109,230
Program expense	42,861	4,113,889	8,172	16,993	-	-	1,964	-	-	-	4,183,879
Office supplies	31,213	73,878	2,515	16,236	307	3,583	14,248	-	78	-	142,058
Licenses, dues and fees	7,935	7,045	4,317	44,190	253	3,292	4,098	-	23	-	71,153
Travel	37,639	15,695	7,437	24,991	979	5,087	19,806	-	-	-	111,634
Audit expense	34,970	44,020	3,771	6,990	-	2,625	-	-	-	-	92,376
Legal expense	18,783	-	-	10,961	9,552	-	108,420	-	-	-	147,716
Insurance	21,409	104,161	3,247	9,329	16,011	14,684	378,422	1,625	-	-	548,888
Bad debt expense	-	-	-	-	-	300,460	32,737	-	-	-	333,197
Repairs and maintenance	-	3,619	-	17,553	40,848	-	1,679,632	-	-	-	1,741,652
Utilities	-	1,298	-	3,241	78,697	-	1,451,693	7,670	-	-	1,542,599
Recruitment	3,804	68,906	4,124	90,290	-	-	638	-	-	-	167,762
Other taxes	-	-	-	6,098	29,449	-	598,014	-	-	-	633,561
Interest	-	2,176	-	307,125	73,618	49,511	2,599,384	-	151,921	(701,397)	2,482,338
Provider reimbursement	44,643	-	-	-	-	-	-	-	-	-	44,643
Other expenses	1,188	2,912	647	17,436	400	18	47,615	-	-	-	70,216
Depreciation and amortization	42	30,786	-	1,357	69,884	-	5,105,570	10,080	308,067	(223,675)	5,302,111
Client assistance disbursed	50,645,399	33,313,817	7,500	-	-	-	-	-	-	-	83,966,716
Computer operations	299,830	545,570	44,845	142,022	3,820	29,259	50,575	2,356	-	-	1,118,277
Occupancy	395,505	628,082	59,995	111,447	-	37,898	-	29,987	94,306	(123,120)	1,234,100
Marketing and outreach	80,226	146,144	26,450	22,642	-	44,113	-	-	-	-	319,575
Other administrative expenses	-	5,414	-	-	196	-	12,300	-	-	-	17,910
<b>Total expenses</b>	<b>\$ 56,031,915</b>	<b>\$ 47,904,645</b>	<b>\$ 875,006</b>	<b>\$ 3,012,482</b>	<b>\$ 438,194</b>	<b>\$ 1,264,194</b>	<b>\$ 14,077,093</b>	<b>\$ 351,825</b>	<b>\$ 554,395</b>	<b>\$ (1,221,189)</b>	<b>\$ 123,288,560</b>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Functional Expenses – *Continued*  
For the Year Ended June 30, 2023

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries		Way Finders	
	<i>Administration</i>	<i>Administration</i>	<i>Administration</i>	<i>Administration</i>	<i>Eliminations</i>	<i>Consolidated Administration</i>	<i>Fundraising</i>
<b>Expenses:</b>							
Salaries	\$ 2,814,238	\$ 44,977	\$ -	\$ -	\$ -	\$ 2,859,215	\$ 253,070
Payroll tax and fringe benefits	491,583	3,526	-	-	-	495,109	41,526
Employee training	61,383	5,719	-	3,493	-	70,595	1,208
Professional services	138,162	3,368	-	-	-	141,530	754
Contract services	263,150	-	-	-	-	263,150	725
Communications	129,020	4,454	-	7,574	-	141,048	700
Postage	3,015	-	-	-	-	3,015	37
Materials production	23,732	2,405	-	-	-	26,137	1,843
Management fees	-	-	603,455	122,105	(616,387)	109,173	-
Program expense	49,515	-	-	-	-	49,515	6,427
Office supplies	16,581	-	-	439	-	17,020	1,232
Licenses, dues and fees	277,790	31,446	27,213	798	-	337,247	8,354
Travel	17,982	12,332	-	3,402	-	33,716	443
Audit expense	36	-	171,565	10,825	-	182,426	994
Legal expense	27,657	-	-	-	-	27,657	-
Insurance	84,284	-	-	-	-	84,284	826
Repairs and maintenance	52,076	-	-	-	-	52,076	-
Utilities	6,186	-	-	-	-	6,186	-
Recruitment	44,913	105	-	-	-	45,018	1,005
Interest	329,430	-	-	-	(10,897)	318,533	-
Other expenses	37,924	555	-	-	-	38,479	432
Depreciation and amortization	358,110	-	-	-	-	358,110	72,016
Computer operations	(1,015,153)	2,367	-	-	-	(1,012,786)	12,328
Occupancy	(419,511)	3,815	-	-	(656,954)	(1,072,650)	16,239
Marketing and outreach	(267,439)	-	-	-	-	(267,439)	4,754
Other administrative expenses	(153,700)	104,134	3,552	-	55,200	9,186	-
Total expenses	<u>\$ 3,370,964</u>	<u>\$ 219,203</u>	<u>\$ 805,785</u>	<u>\$ 148,636</u>	<u>\$ (1,229,038)</u>	<u>\$ 3,315,550</u>	<u>\$ 424,913</u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Functional Expenses – *Continued*  
For the Year Ended June 30, 2023

	<i>Total Program Services</i>	<i>Total Administration</i>	<i>Total Fundraising</i>	<i>Eliminations</i>	<i>Consolidated</i>
<b>Expenses:</b>					
Salaries	\$ 13,581,796	\$ 2,859,215	\$ 253,070	\$ (133,403)	\$ 16,560,678
Payroll tax and fringe benefits	3,084,485	495,109	41,526	(23,136)	3,597,984
Employee training	108,507	70,595	1,208	-	180,310
Professional services	1,667,887	141,530	754	(16,458)	1,793,713
Contract services	279,294	263,150	725	-	543,169
Communications	254,615	141,048	700	-	396,363
Postage	103,382	3,015	37	-	106,434
Materials production	109,230	26,137	1,843	-	137,210
Management fees	-	725,560	-	(616,387)	109,173
Program expense	4,183,879	49,515	6,427	-	4,239,821
Office supplies	142,058	17,020	1,232	-	160,310
Licenses, dues and fees	71,153	337,247	8,354	-	416,754
Travel	111,634	33,716	443	-	145,793
Audit expense	92,376	182,426	994	-	275,796
Legal expense	147,716	27,657	-	-	175,373
Insurance	548,888	84,284	826	-	633,998
Bad debt expense	333,197	-	-	-	333,197
Repairs and maintenance	1,741,652	52,076	-	-	1,793,728
Utilities	1,542,599	6,186	-	-	1,548,785
Recruitment	167,762	45,018	1,005	-	213,785
Other taxes	633,561	-	-	-	633,561
Interest	3,183,735	329,430	-	(712,294)	2,800,871
Provider reimbursement	44,643	-	-	-	44,643
Other expenses	70,216	38,479	432	-	109,127
Depreciation and amortization	5,525,786	358,110	72,016	(223,675)	5,732,237
Client assistance disbursed	83,966,716	-	-	-	83,966,716
Computer operations	1,118,277	(1,012,786)	12,328	-	117,819
Occupancy	1,357,220	(415,696)	16,239	(780,074)	177,689
Marketing and outreach	319,575	(267,439)	4,754	-	56,890
Other administrative expenses	17,910	(46,014)	-	55,200	27,096
	<u>\$ 124,509,749</u>	<u>\$ 4,544,588</u>	<u>\$ 424,913</u>	<u>\$ (2,450,227)</u>	<u>\$ 127,029,023</u>
Total expenses	<u>\$ 124,509,749</u>	<u>\$ 4,544,588</u>	<u>\$ 424,913</u>	<u>\$ (2,450,227)</u>	<u>\$ 127,029,023</u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
**Consolidating Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
<i>Cash Flows From Operating Activities:</i>						
Change in net assets	\$ 554,471	\$ 503,464	\$ (5,882,716)	\$ 29,253	\$ 199,919	\$ (4,595,609)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:						
Depreciation and amortization	532,195	-	5,105,570	318,147	(223,675)	5,732,237
Bad debt expense	-	300,460	32,737	-	-	333,197
Recognition of imputed interest	63,826	-	186,226	-	-	250,052
Amortization of financing costs charged as interest expense	-	-	25,701	9,751	-	35,452
(Increase)/decrease in operating assets:						
Grants receivable	1,867,987	(619,293)	(12,265)	-	-	1,236,429
Accounts receivable	(181,304)	-	(231,431)	(138,996)	700	(551,031)
Parent/subsidiaries receivables	(1,386,958)	-	-	-	1,386,958	-
Operating right-of-use asset	409,361	-	213	75,865	(422,069)	63,370
Small business loans receivable	-	(1,865,615)	-	-	(2,959)	(1,868,574)
Other loans receivable	34,140	-	-	-	-	34,140
Interest receivable	-	-	-	-	3,634	3,634
Prepaid expenses and other assets	(196,436)	(9,488)	41,416	(1,381)	-	(165,889)
Increase/(decrease) in operating liabilities:						
Accounts payable	179,734	(15,767)	172,019	(40,261)	(700)	295,025
Parent/subsidiaries payables	-	5,060	393,358	(49,592)	(348,826)	-
Accrued expenses	(74,053)	43,108	(22,550)	43,939	(8,805)	(18,361)
Contract advances	1,857,728	(154,584)	(580,518)	-	-	1,122,626
Operating lease liability	(132,191)	-	(213)	(64,727)	133,761	(63,370)
Deferred revenue	(16,605)	-	(21,989)	50	-	(38,544)
Escrow liabilities	(168,804)	-	23,478	1,111	-	(144,215)
Accrued interest	-	-	1,707,212	-	(705,031)	1,002,181
Net cash provided by/(used in) operating activities	<u>3,343,091</u>	<u>(1,812,655)</u>	<u>936,248</u>	<u>183,159</u>	<u>12,907</u>	<u>2,662,750</u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Consolidating Statement of Cash Flows – *Continued*  
For the Year Ended June 30, 2023

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
<i>Cash Flows From Investing Activities:</i>						
Purchase of investments	\$ -	\$ -	\$ (126)	\$ -	\$ -	\$ (126)
Payments received on loans receivable	25,660	-	-	-	(10,000)	15,660
Payment of work in progress costs	(901,024)	-	(15,131,225)	(112,167)	(15,866)	(16,160,282)
Purchase of fixed assets	<u>(168,811)</u>	<u>-</u>	<u>(682,677)</u>	<u>-</u>	<u>-</u>	<u>(851,488)</u>
Net cash used in investing activities	<u>(1,044,175)</u>	<u>-</u>	<u>(15,814,028)</u>	<u>(112,167)</u>	<u>(25,866)</u>	<u>(16,996,236)</u>
<i>Cash Flows From Financing Activities:</i>						
Proceeds from mortgages and notes payable	3,000,000	500,000	16,809,547	-	-	20,309,547
Payments on mortgages and notes payable	<u>(388,248)</u>	<u>(306,148)</u>	<u>(1,478,996)</u>	<u>-</u>	<u>12,959</u>	<u>(2,160,433)</u>
Net cash provided by financing activities	<u>2,611,752</u>	<u>193,852</u>	<u>15,330,551</u>	<u>-</u>	<u>12,959</u>	<u>18,149,114</u>
Net increase/(decrease) in cash	<u>4,910,668</u>	<u>(1,618,803)</u>	<u>452,771</u>	<u>70,992</u>	<u>-</u>	<u>3,815,628</u>
Cash and restricted cash at beginning of year	<u>15,823,688</u>	<u>4,872,119</u>	<u>9,490,345</u>	<u>506,449</u>	<u>-</u>	<u>30,692,601</u>
Cash and restricted cash at end of year	<u><u>\$ 20,734,356</u></u>	<u><u>\$ 3,253,316</u></u>	<u><u>\$ 9,943,116</u></u>	<u><u>\$ 577,441</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,508,229</u></u>
<i>Supplementary Disclosure of Cash Flow Information</i>						
Cash paid for interest (net of \$396,434 of capitalized interest)	<u>\$ 626,231</u>	<u>\$ 49,511</u>	<u>\$ 527,582</u>	<u>\$ 144,600</u>	<u>\$ (10,897)</u>	<u>\$ 1,337,027</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456</u>	<u>\$ 5,472</u>	<u>\$ -</u>	<u>\$ 5,928</u>
<i>Noncash Investing and Financing Activities</i>						
Capital contributions received through conversion of notes payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 914,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 914,909</u>

*See accompanying notes to consolidating financial statements.*

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements  
June 30, 2023

**1. *The Organization***

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

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

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

*Rental Assistance*

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

*Client Services*

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

*Small Business Lending*

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



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**1. *The Organization – Continued***

*Home Ownership Services*

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

*Real Estate Development & Property Management*

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

*Rental Properties*

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

*Principles of Consolidation*

The Organization includes the following:

*Common Capital, Inc.*

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**1. *The Organization – Continued***

*Affordable Housing Subsidiaries*

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

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

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

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

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

Church Street School Limited Partnership was formed on September 15, 2005, as a limited partnership to build, own, maintain and operate an affordable housing apartment complex located in Ware, Massachusetts. Church Street School Limited Partnership consists of one managing partner, Greenville Park LLC with a .01% share and investor partners with a 99.99% share. Effective December 31, 2022, WF Real Estate Holdings LLC acquired the investor limited partners' interests from the original investors making Church Street School Limited Partnership a wholly owned subsidiary of Way Finders.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**1. *The Organization – Continued***

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

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

Rosewood Way Town Homes Limited Partnership was formed on October 17, 2022, as a limited partnership to build, own, maintain and operate an affordable housing apartment complex located in Agawam, Massachusetts. Rosewood Way Town Homes Limited Partnership consists of one general partner, Rosewood Way LLC with a .01% share and one limited partner, Way Finders with a 99.99% share.

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

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**1. *The Organization – Continued***

*Other Subsidiaries*

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

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

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

Springfield City of Homes Development, LLC was formed as a sole member LLC, owned by Way Finders, in November 2022 for the purpose of developing a pilot for the redevelopment of vacant homes through the City of Homes Vacant Properties Initiative by acquiring real estate for neighborhood revitalization and creating affordable homeownership.

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

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

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

WF Real Estate Holdings LLC was formed as a single member LLC, owned by Way Finders, in March 2019 for the purpose of acquiring the limited investor member interest in NewCourt Terrace LLC. Additionally, WF Real Estate Holdings LLC acquired the limited investor partners' interests in Church Street Schools Limited Partnership and the real estate property previously held by Neighborhood Collaborative LLC.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**1. *The Organization – Continued***

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

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

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

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

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

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

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**1. *The Organization – Continued***

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

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

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

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

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

Rosewood Way LLC was originally formed as a single member LLC in March 2019, owned by Way Finders. An additional member was admitted in April 2023. Way Finders remains the managing member and 79% owner. Rosewood Way LLC is the general partner of Rosewood Way Townhomes Limited Partnership with a 0.01% interest.

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

Windrush Commons GP LLC is a 51% owned subsidiary of Way Finders. Windrush Commons GP LLC was formed in September 2021 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Windrush Commons GP LLC is the general partner of Windrush Commons Limited Partnership with a 0.01% interest.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*Accounting Method*

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

*Revenue Recognition*

*Contributions, Grants and Government Contracts*

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

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

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*Contracts with Customers and Other Exchange Transactions*

The Organization provides services to real estate development projects under written development service agreements which define the scope of activities to be provided by the Organization. The activities within the agreements are highly interdependent with each other and comprise an integral series of activities associated with the completion of a real estate development project. The agreements define the fixed compensation that the Organization is expected to receive and a schedule of payments to be made by the project. The performance obligations under the agreements are satisfied over time. The Organization recognizes revenue from development service agreements over time as services are rendered based on the amount of reimbursable costs incurred and the ratio of development costs incurred to total budgeted development costs. Due to the contingent nature of a real estate development project getting funded, revenue recognition does not begin until it is probable a project will have sources of funds to make the payments under the agreement. At the beginning and end of year ended June 30, 2023, contract assets related to development service fees consisted of accounts receivable in the amounts of \$382,362 and \$444,875, respectively. There were no contract liabilities related to development service fees at the beginning or end of the year ended June 30, 2023.

The Organization provides services to affordable housing rental projects under written management service agreements which define the scope of activities to be provided by the Organization. Services include managing the rental operations of the projects as well as asset management services provided to the project's owner. Fees for rental operation services are earned monthly based on the terms in the agreement which provide for compensation based on a percentage of rent collections or a fixed fee for each occupied housing unit. Asset management fees are recognized annually and may be contingent upon a project's available net cash flow. At the beginning and end of the year ended June 30, 2023, contract assets related to property and asset management fees consisted of accounts receivable in the amounts of \$19,536 and \$21,868, respectively. There were no contract liabilities related to property and asset management fees at the beginning or end of the year ended June 30, 2023.

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



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

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

*Net Asset Classification*

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

*Net Assets Without Donor Restrictions*

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

*Net Assets With Donor Restrictions*

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

*Cash and Cash Equivalents*

For the purpose of the consolidating statement of cash flows, all highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. At June 30, 2023, the Organization did not have any cash equivalents.

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

Cash	\$ 9,879,069
Restricted cash - current	14,497,625
Restricted cash - non-current	<u>10,131,535</u>
Total cash and restricted cash shown in the consolidating statement of cash flows	<u>\$ 34,508,229</u>

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

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

*Loans Receivable*

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

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

*Grants Receivable*

Unconditional promises to give are presented net of an allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and promises to give are charged off when deemed uncollectible. At June 30, 2023, the Organization has not established any allowance for uncollectible promises to give because, based upon past experience, all amounts are considered collectible.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*Accounts Receivable*

Accounts receivable are presented net of the allowance for doubtful accounts. Management’s periodic evaluation of the adequacy of the allowance is based on its past experience and accounts receivable are charged off when deemed uncollectible. At June 30, 2023, management has established an allowance for uncollectible accounts of \$29,981.

*Investments*

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

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

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

*Fixed Assets*

Fixed assets are carried at cost less accumulated depreciation. The Organization capitalizes all expenditures for furniture, equipment, and leasehold improvements with a useful life of more than one year and a cost of over \$1,000. Depreciation expense totaled \$5,623,019 for the year ended June 30, 2023. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Estimated useful lives are as follows:

Buildings	20 – 40 years
Improvements	5 – 40 years
Furniture & equipment	3 – 10 years
Software	3 years

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

Long lived assets, such as buildings are reviewed on an ongoing basis for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated by the asset including any estimated proceeds from the eventual disposition of the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2023, management has determined that there has been no impairment of the long lived assets.

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

*Work in Progress*

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

The Organization follows the policy of capitalizing interest on notes financing the construction of projects as a component of work in progress. If a project is abandoned, the costs are charged to expense in the year of abandonment. At June 30, 2023, work in progress of \$21,307,469 is reflected at cost, which approximates net realizable value. Work in progress is pledged as collateral for the related loans (Note 9).

*Amortization*

Costs associated with Way Finders' subsidiaries' acquisition of the tax credits and initial lease up totaling \$926,453 are recorded at cost and amortized over their estimated useful lives. Amortization expense for the year ended June 30, 2023 was \$109,219.

Estimated amortization expense for the next five years is as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2024	\$97,107
2025	\$75,865
2026	\$41,441
2027	\$41,441
2028	\$41,441

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*Financing Costs*

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

*Advertising Costs*

The Organization expenses advertising costs when they are incurred.

*Below Market Loans*

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

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

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

*Leases*

The Organization determines if an arrangement is or contains a lease at inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassess its determination if the terms and conditions of the contract are changed.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

Operating leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

*Income Taxes*

Way Finders, Common Capital, Inc., 1780 HCHQ, Inc., Southampton Housing for the Elderly, Inc., and Stevens Senior Housing of Ludlow, Inc. are exempt from income taxes as non-profit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code and are also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the year ended June 30, 2023, these entities had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these consolidating financial statements. Way Finders' for-profit subsidiaries file separate income tax returns.

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

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

The Organization evaluates tax positions taken or expected to be taken in its tax returns and in its subsidiaries' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. At June 30, 2023, Way Finders believes that it has no uncertain tax positions within its open tax returns or within any of its subsidiaries' open tax returns (2020-2022).

*Estimates*

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*Functional Expenses*

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

*New Accounting Standard*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance in Topic 840, *Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize ROU assets and lease liabilities on the balance sheet for operating leases.

The Organization adopted the leasing standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022 as the initial date of application. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. As of July 1, 2022, adoption of Topic 842 did not result in any change to beginning net assets or any material adjustments to balance sheet accounts related to lessor accounting. It did result in an increase in the operating lease right-of-use-asset of \$172,386 and an increase in operating lease liability of \$172,386 related to lessee accounting at July 1, 2022.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

Restricted cash and restricted investments consist of the following:

	<i>Cash</i>	<i>Investments</i>
Federal rental assistance	\$ 4,712,613	\$ -
State rental assistance	5,117,073	-
Capital projects fund	2,726,947	-
Unadvanced loan program proceeds	1,935,461	-
Client deposits held in trust	919,557	-
Undisbursed construction funds	1,785	-
Mortgage escrows and reserves	8,435,009	124,413
Small business lending and revolving loan funds	<u>780,715</u>	<u>-</u>
Total	<u>\$ 24,629,160</u>	<u>\$ 124,413</u>

**4. *Investments***

*Equity Method Investments*

Common Capital, Inc.’s investment in CTI Energy Services, LLC is accounted for using the equity method because Common Capital, Inc. has voting rights on CTI Energy Services, LLC’s Management Board. Common Capital initially contributed \$50,000 for a 2.34% ownership interest. No income or loss was recognized for the year ended June 30, 2023. At June 30, 2023, the investment in CTI Energy Services, LLC was \$17,955.

*Cost Method Investment*

The Organization holds several CD’s with original maturities greater than three months. The CD’s accrue interest at rates ranging from 0.03% to 4.4% and mature between November 12, 2023 and February 24, 2024. At June 30, 2023, the CD’s balances were \$183,317.

Way Finders invested \$51,510 for a 1% subscriber’s interest in HPI Holding Company, Inc. (HPI). Way Finders along with various other unrelated entities entered into a contractual agreement to form HPI, a Vermont insurance company. Way Finders purchases its liability insurance through HPI. The investment in HPI Holding, Inc. is valued at cost due to the lack of information that can be used to approximate the fair value. Management annually receives audited financial statements and performs an assessment of any possible impairment. As of June 30, 2023, management has determined that no such impairment exists.



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**4. *Investments – Continued***

Common Capital, Inc. purchased 498 shares of Real Pickle Cooperative Inc.’s preferred stock for \$12,450. At June 30, 2023, the investment is carried at its original cost of \$12,450.

**5. *Grants and Contributions Receivable***

Grants and contributions receivable consist of the following:

<i>Description</i>	<i>Amount</i>
Family shelter services program	\$ 1,086,791
Federal rental assistance programs	246,654
Emergency rental and mortgage assistance programs	133,599
Small business lending programs	810,019
Housing consumer education center program	216,135
Secure jobs program	227,659
Safe step program	82,134
Homebase program	56,911
Other	<u>299,834</u>
Total	<u><u>\$ 3,159,736</u></u>

All grants and contributions receivable are expected to be collected within one year or less at June 30, 2023.

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

At June 30, 2023, Common Capital, Inc. has \$7,306,997 of notes receivable (net of eliminations totaling \$390,766) less an allowance for loan losses of \$856,672. The allowance for loan losses includes \$68,400 for loans funded by the City of Springfield which include forgiveness provisions if the borrowers comply with the terms of the loan agreements. The loans accrue interest at rates between 2% and 10.75% and mature at various times through August 2043. Loan balances totaling \$1,881,972 are pledged as security for Common Capital, Inc.’s notes payable described in Note 9.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

The following table presents informative data regarding the aging of small business loans receivable at June 30, 2023:

Small business loans receivable:	
Current balances	\$ 6,655,195
Past due balances:	
31-60 days	68,382
61-90 days	924
> 90 days	<u>582,496</u>
Total past due balances	<u>651,802</u>
Total small business loans receivable	<u><u>\$ 7,306,997</u></u>

At June 30, 2023, no small business loans are deemed to be impaired.

*Allowance for Loan Losses*

Common Capital, Inc. uses an internal risk rating and loan loss reserve methodology to better measure the impact of changes in market conditions, borrower capacity and collateral condition in order to calculate its annual loan loss reserve amount. The reported loan loss reserve for the year ended June 30, 2023 reflects this methodology. All loans are evaluated individually. Each class of loan requires judgment to determine the estimation method that fits the credit risk characteristics within the portfolio. There were no changes in Common Capital, Inc.’s accounting policies and practices during the year.

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

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

Activity in the allowance for loan losses is as follows:

Balance on July 1, 2022	\$ 617,239
Provision for losses	300,460
Loans forgiven	(17,100)
Loans charged off	<u>(43,927)</u>
Balance on June 30, 2023	<u>\$ 856,672</u>

*Credit Quality Information*

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

<i>Risk Rating</i>	<i>Description of Creditworthiness</i>	<i>Assigned Loan Loss Percentage</i>
1	Viability of collection is very high	3%
2	Viability of collection is high	6%
2A	Viability of collection is high, however term of loan allows for full forgiveness if lending terms are met	100%
3	Viability of collection is good but subject to external factors	12%
3A	Viability of collection is good but subject to external factors, however term of loan allows for full forgiveness if lending terms are met	100%
4	Viability of collection is subject to external factors	20%
5	Reasonable chance of effecting a turnover or restructuring	25% - 50%
6	Probability of turnaround is low	75%
7	Loss status; business assets liquidated	100%

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

The recorded small business loans receivable by credit quality indicator as of June 30, 2023 is as follows:

Risk rating 1	\$ 386,854
Risk rating 2	5,588,739
Risk rating 2A	42,800
Risk rating 3	310,059
Risk rating 3A	25,600
Risk rating 4	282,204
Risk rating 5	<u>670,741</u>
 Total small business loans receivable	 <u><u>\$7,306,997</u></u>

The information used to internally rate the small business loans was updated as of June 30, 2023. As necessary, adjustments are made to Common Capital, Inc.’s method of estimating the allowance for loan losses.

**7. *Other Loans Receivable***

*Home Modification Loan Program*

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

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

At June 30, 2023, Way Finders was servicing \$9,145,062 of outstanding HMLP loans with 300 homeowners and \$1,935,461 of program funds were in a restricted cash account for future lending. At June 30, 2023, the total program assets under the HMLP was \$11,080,523.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*NMTC Leverage Loan*

On December 20, 2018, under the new Market Tax Credit (NMTC) structure, Way Finders entered into a leverage loan agreement with COCRF Investor 140, LLC (Investment Fund), in the amount of \$10,044,800, funded in two tranches of \$9,550,364 and \$494,436. The loans are secured by the Investment Fund's interest in certain limited liability companies. The Investment Fund used the proceeds to make equity contributions to NMTC investors who, in a combination with investor equity, provided NMTC loans to 1780 HCHQ, Inc. (see Note 9). The leverage loans are payable in quarterly installments of interest only at a rate of 1.377% through December 2026, and thereafter, in quarterly installments of principal and interest of \$95,555 and \$42,352, respectively, through December 2046. At June 30, 2023, the outstanding loan balances were \$9,550,364 and \$494,436.

*Hunter Place Apartments Limited Partnership*

The rights to Hunter Place Apartments Limited Partnership's Massachusetts low-income housing tax credits were donated to Way Finders in 2016. Way Finders sold these tax credits to Clocktower Tax Credits, LLC for \$1,350,186. Way Finders subsequently loaned the sales proceeds back to Hunter Place Apartments Limited Partnership. The note is secured by the apartment complex, accrues interest at 0.01% compounded annually, and matures on December 31, 2054. At June 30, 2023, the outstanding loan balance was \$1,350,186. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

*Chapin School Veterans Housing LLC*

The rights to Chapin School Veterans Housing LLC's Massachusetts low-income housing tax credits and Massachusetts historic tax credits were donated to Way Finders in 2017. Way Finders sold these low-income and historic tax credits to Quincy Mutual Fire Insurance Company for \$760,000 and \$890,000, respectively. Way Finders subsequently loaned sales proceeds of \$730,000 and \$890,000 back to Chapin School Veterans Housing LLC. The notes are secured by the apartment complex, accrue interest at 0.01% compounded annually, and mature on December 31, 2055. At June 30, 2023, the outstanding loan balances were \$730,000 and \$890,000. Way Finders has fully allowed against the outstanding loan balances and has not recognized accrued interest income due to the length of the maturity period and the loans' repayment priority.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*Agawam Veterans Housing, LLC*

The rights to Agawam Veterans Housing, LLC's Massachusetts low-income housing tax credits and Massachusetts historic tax credits were donated to Way Finders in 2018. Way Finders sold these low-income and historic tax credits to Stratford Agawam Investors Limited Partnership for \$1,050,167 and \$2,047,000, respectively. Way Finders subsequently loaned sales proceeds of \$1,050,167 and \$2,047,000 back to Agawam Veterans Housing, LLC. The notes are secured by the apartment complex, accrue no interest, and mature on December 31, 2057. At June 30, 2023, the outstanding loan balances were \$1,050,167 and \$2,047,000. Way Finders has fully allowed against the outstanding loan balances due to the length of the maturity period and the loans' repayment priority.

*St. James Common Apartments LLC*

The rights to St. James Common Apartments LLC's Massachusetts historic tax credits were donated to Way Finders in 2019. Way Finders sold these tax credits to Apple, Inc. for \$1,316,000. Way Finders subsequently loaned the sales proceeds of \$1,274,000 back to St. James Common Apartments LLC. The note is secured by the apartment complex, accrues interest at 2.82% compounded annually, and matures on December 31, 2057. At June 30, 2023, the outstanding loan balance was \$1,274,000. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

*Kendall Apartments LLC*

The rights to Kendall Apartments LLC's Massachusetts low-income tax credits were donated to Way Finders in 2019. Way Finders sold these tax credits to RSEP Holdings, LLC for \$1,184,574. Way Finders subsequently loaned the sales proceeds of \$1,184,574 back to Kendall Apartments LLC. The note is secured by the apartment complex, accrues interest at 2% compounded annually, and matures on October 8, 2048. At June 30, 2023, the outstanding loan balance was \$1,184,574. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

*Moseley Apartments Limited Partnership*

The rights to Moseley Apartments Limited Partnership's Massachusetts historic tax credits were donated to Way Finders in 2020. Way Finders sold these tax credits to Arbella Mutual Insurance Company for \$1,217,635. Way Finders subsequently loaned the sales proceeds of \$1,217,635 back to Moseley Apartments Limited Partnership. The note is secured by the apartment complex, accrues interest at 3.05% compounded annually, and matures on December 31, 2064. At June 30, 2023, the outstanding loan balance was \$1,217,635. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

*MacArthur Terrace LLC*

The rights to MacArthur Terrace LLC's Massachusetts low-income housing tax credits were donated to Way Finders in 2021. Way Finders sold these tax credits to the Savings Bank Mutual Life Insurance Company of Massachusetts for \$3,975,000. Way Finders subsequently loaned the sales proceeds of \$3,975,000 back to MacArthur Terrace LLC. The note is non-interest bearing, secured by the apartment complex and matures on December 31, 2062. At June 30, 2023, the outstanding loan balance was \$3,975,000. Way Finders has fully allowed against the outstanding loan balance due to the length of the maturity period and the loan's repayment priority.

*32 Byers Street, Inc.*

Way Finders provided financing to 32 Byers Street, Inc. approved up to \$150,000. The proceeds from the note will be used to refinance the borrower's mortgage on its real estate. The note accrues interest at 4.025% per annum and is secured by the real estate located at 32 Byers Street in Springfield, Massachusetts. The note requires monthly payments of principal and interest and matures on October 31, 2028. At June 30, 2023, the outstanding loan receivable balance was \$96,681.

*Pioneer Valley Grows Investment Fund, Inc.*

Common Capital has invested \$10,000 with Pioneer Valley Grows Investment Fund, Inc. in the form of an unsecured loan receivable. The proceeds of the loan are being used by Pioneer Valley Grows Investment Fund, Inc. to invest in local community farms and farmland. The loan accrues interest at 2% per annum and matures December 2, 2025. At June 30, 2023, the outstanding balance on the loan receivable was \$10,000.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

Advances on grants and contracts consist of the following:

<i>Description</i>	<i>Amount</i>
Federal rental assistance programs	\$ 4,379,744
Massachusetts rental assistance programs	1,778,158
Home modification loan program	11,080,523
Tax credit exchange funds	1,644,749
Rental assistance for families in transition	2,624,532
Emergency rent and mortgage assistance	122,450
FHLBB affordable housing program	1,150,000
HomeBase program	224,600
Foreclosure prevention programs	312,622
City of Springfield Receivership Program	88,884
Other	<u>221,898</u>
Total contract advances	<u>\$ 23,628,160</u>

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

Mortgages and notes payable consist of the following at June 30, 2023:

	<i>Amortizing</i>	<i>Non-amortizing</i>
<i>Way Finders, Inc.:</i>		
<i>Operations:</i>		
Way Finders entered into an agreement with Massachusetts Development Finance Agency to borrow \$6,960,000 funded by Way Finders Issue, Series 2018 Revenue Bonds. The note bears interest at a fixed rate of 4.02% per annum through December 2028. In January 2029, the interest rate adjusts to the sum of Federal Home Loan Bank plus 2.25% basis points multiplied by 0.6886. Monthly payments of interest only were due to Peoples Bank, the registered owner of the bonds, through July 2020. Thereafter, monthly payments of principal and interest in the amount of \$37,042 are to be made to Peoples Bank. The note is secured by the undisbursed construction funds held by Peoples bank, a first priority interest in the NMTC leverage loan receivable, and leasehold improvements in the property located at 1780 Main Street in Springfield, Massachusetts.	\$ 6,550,625	\$ -



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Note payable to Coastal Enterprises, Inc. for \$850,000 bearing interest 7.132% per annum. Monthly payments of interest only were required under the note through June 2021. Thereafter, monthly payments of principal and interest in the amount of \$6,711 are to be made. The note is secured by a second priority interest in the NMTC leverage loan receivable and matures December 2025. Common Capital, Inc. is participating in this note and has a \$140,766 share at June 30, 2023, which has been eliminated the consolidating financial statements.</p>	643,483	-
<p>Note payable to Neighborworks Capital Corporation approved up to \$3,000,000 bearing interest 5% per annum. Quarterly payments of interest only are required under the note through September 2027. Remaining principal and all unpaid interest shall be due in full on September 1, 2027.</p>	3,000,000	-
<p>Note payable to The Housing Partnership Fund, Inc. approved up to \$3,000,000 bearing interest 5.5% per annum. Monthly payments of interest only are required under the note through August 2024. Quarterly principal installments begin on September 1, 2024. Remaining principal and all unpaid interest shall be due in full on August 24, 2025.</p>	3,000,000	-
<p>Note payable to the Trustees for the Diocese of Western Massachusetts, bearing interest at 4% and payable in quarterly payments of interest only. The principal and all accrued but unpaid interest shall be due in full on December 1, 2023.</p>	350,000	-
<p>Note payable to CEDAC approved up to \$400,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at NewCourt Terrace in Springfield, Massachusetts.</p>	-	53,540
<i>Earle Street Apartments:</i>		
<p>Mortgage note payable to Massachusetts Housing Partnership Fund, payable in monthly installments of \$1,690, including principal and interest at 7.25% and matures on December 31, 2026. The note is secured by the apartment complex.</p>	129,300	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to Massachusetts Housing Partnership Fund. The note is non-interest bearing requiring no payments until December 31, 2027 and is secured by the apartment complex. The note is reflected net of unamortized discount of \$21,899 (effective rate of 4.41%) with a face amount of \$121,864.</p>	-	99,965
<p>Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on January 7, 2037. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$90,656 (effective rate of 4.41%) with a face amount of \$202,345.</p>	-	111,689
<i>The Lorraine:</i>		
<p>Mortgage note payable to CEDAC under the Housing Innovations Fund II Program. The note is non-interest bearing and will be repaid out of surplus cash. The unpaid balance and accrued interest are due upon the sale or refinancing of the underlying property but no later than March 8, 2030. The note is secured by the apartment complex and an assignment of leases and rents. The note is reflected net of unamortized discount of \$227,939 (effective rate of 9.05%) with a face amount of \$500,000.</p>	-	272,061
<p>Mortgage note payable to the Commonwealth of Massachusetts Executive Office of Housing and Livable Communities (EOHLC) under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until April 24, 2030, provided the intended use of the property does not change. The note is secured by the apartment complex and an assignment of leases and rents. The note is reflected net of unamortized discount of \$229,976 (effective rate of 9.05%) with a face amount of \$500,000.</p>	-	270,024
<p>Mortgage note payable to the City of Northampton, due March 14, 2030, with an option for a ten year extension. The note is non-interest bearing, does not require any payments until the due date, and is secured by the apartment complex. The note is reflected net of unamortized discount of \$77,500 (effective rate of 9.05%) with a face amount of \$170,000.</p>	-	92,500

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<i>Common Capital, Inc.:</i>		
Note payable to SBA, payable in monthly installments of \$3,569 including interest of 0.5%, and matures November 10, 2024. Interest is reviewed periodically and adjusted to either 1.75% or 0.5% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.	62,207	-
Note payable to SBA, payable in monthly installments of \$5,844 including interest of 0.5%, and matures August 8, 2027. Interest is reviewed periodically and adjusted to either 1.75% or 0.5% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.	288,899	-
Note payable to SBA, payable in monthly installments of \$5,888 including interest of 1.25%, and matures May 7, 2029. Interest is reviewed periodically and adjusted to either 2.5% or 1.25% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.	402,608	-
Note payable to SBA, payable in monthly installments of \$3,241 beginning December 2021 including interest of 0%, and matures November 19, 2030. Interest is reviewed periodically and adjusted to either 0% or 2% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.	659,259	-
Note payable to the Sisters of Charity of St. Elizabeth, bearing interest at 1% and payable in annual payments of interest only. The principal and all accrued but unpaid interest shall be due in full on March 30, 2024.	25,000	-
Note payable to the Trustees for the Diocese of Western Massachusetts, bearing interest at 4% and payable in quarterly payments of interest only. The principal and all accrued but unpaid interest shall be due in full on July 10, 2023.	100,000	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Note payable to NBT Bank, bearing interest at 2% interest based on a 360 day year and payable in annual payments of interest only. The principal and all accrued but unpaid interest shall be due in full on August 2, 2032.</p>	500,000	-
<p>Notes payable consisting of loans from various organizations, trusts and individuals. These parties have chosen to lend to Common Capital, Inc. to support the Community First Fund. Interest between 2% and 2.65% is due and payable semi-annually. Principal is due and payable on the third or fifth anniversary of the date of the agreements, unless the lender elects to renew the loan for an additional three or five year term or donate the principal and/or interest to Common Capital, Inc. These notes are unsecured.</p>	1,498,842	-
<i>Affordable Housing Subsidiaries:</i>		
<i>Butternut Properties Limited Partnership:</i>		
<p>Mortgage note payable to EOHLC under the HOME Investment Partnership Program. The note is non-interest bearing requiring no payments until March 8, 2041 and is secured by the apartment complex. The note is reflected net of unamortized discount of \$485,183 (effective rate of 7%) with a face amount of \$683,073.</p>	-	197,890
<p>Mortgage note payable to EOHLC administered by the Massachusetts Housing Finance Agency (MHFA) under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until March 8, 2041 and is secured by the apartment complex. The note is reflected net of unamortized discount of \$710,294 (effective rate of 7%) with a face amount of \$1,000,000.</p>	-	289,706
<i>Dwight Clinton Joint Venture:</i>		
<p>Mortgage note payable to EOHLC under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until May 13, 2029. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$202,547 (effective rate of 8.81%) with a face amount of \$500,000.</p>	-	297,453

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to EOHLC under the HOME Investment Partnership Program. The non-interest bearing loan requires no payments until August 2035, at which time the outstanding balance is due. The note is secured by the apartment complex and assignment of certain leases and rents. The loan is reflected net of unamortized discount of \$66,341 (effective rate of 9.86%) with a face amount of \$66,341.</p>	-	28,810
<i>Mountain View Apartments of HAP-CHS:</i>		
<p>Mortgage notes payable to the United States Department of Agriculture (USDA), Rural Development Agency, bearing interest at 8.5%, payable in monthly installments of \$8,359 to maturity, June 1, 2037. The notes are secured by a mortgage on the apartment complex and assignment of certain leases and rents. The Project receives a monthly interest subsidy in the amount of \$5,899, for a reduced monthly loan payment of \$2,460.</p>	819,218	-
<p>Mortgage note payable to Massachusetts Housing Partnership Fund Board under Housing Stabilization Fund Program. The note is non-interest bearing with no payments due until the maturity date of April 28, 2033. The note is carried net of unamortized discount of \$352,762 (effective rate of 9.05%) with a face amount of \$600,000. The note is secured by the apartment complex and assignments of certain leases and rents.</p>	-	247,238
<i>Paradise Pond LLC:</i>		
<p>Mortgage note payable to Massachusetts Housing Partnership Fund, payable in monthly installments of \$650, including interest at 6.1%, and matures October 31, 2026. The loan is secured by the apartment complex.</p>	52,053	-
<p>Mortgage note payable to Massachusetts Housing Partnership Fund, bearing interest at 2%, payable in monthly interest payments only. The note is due October 31, 2026, and is secured by the apartment complex.</p>	134,263	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until August 15, 2035. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$462,938 (effective rate of 7.5%) with a face amount of \$775,000.</p>	-	312,062
<p>Mortgage note payable to EOHLC under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until August 15, 2055. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$650,460 (effective rate of 7.5%) with a face amount of \$715,000.</p>	-	64,540
<p>Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on August 15, 2035. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$507,738 (effective rate of 7.5%) with a face amount of \$850,000.</p>	-	342,262
<i>Southampton Housing for the Elderly, Inc.:</i>		
<p>The Organization has a thirty-five year 2.6% HUD insured mortgage note payable to Walker and Dunlop LLC. The note requires monthly payments for principal and interest of \$11,881. The final payment is due February 1, 2032. The note is secured by the apartment complex and assignment of certain leases and rents. The outstanding principal balance at June 30, 2023 was \$2,587,613.</p>		
<p>Financing costs of \$140,307 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 2.89%. Accumulated amortization at June 30, 2023 was \$57,612.</p>	2,504,918	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<i>Stevens Senior Housing of Ludlow, Inc.:</i>		
Mortgage note payable to EOHLC under the HOME Investment Partnership Program. The note is non-interest bearing requiring no payments until September 25, 2044. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$258,895 (effective rate of 4.61%) with a face amount of \$415,000.		
Financing costs of \$14,302 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.37%. Accumulated amortization at June 30, 2023 was 4,173.	-	145,976
Mortgage note payable to EOHLC under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until September 25, 2064. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$845,660 (effective rate of 4.61%) with a face amount of \$994,743.		
Financing costs of \$34,282 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.27%. Accumulated amortization at June 30, 2023 was \$6,002.	-	120,803
Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until September 25, 2054. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of 762,566 (effective rate of 4.61%) with a face amount of \$1,000,000.		
Financing costs of \$34,462 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.5%. Accumulated amortization at June 30, 2023 was \$7,542.	-	210,514

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on September 25, 2044. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$187,152 (effective rate of 4.61%) with a face amount of \$300,000.</p> <p>Financing costs of \$10,339 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.37%. Accumulated amortization at June 30, 2023 was \$3,018.</p> <p><i>CBA Housing Limited Partnership:</i></p> <p>Mortgage note payable to USDA Rural Development is payable in monthly installments of \$2,876, net of a monthly subsidy of \$3,164 and bears interest at 4.875% per annum. The agreement provides for an interest subsidy making the effective rate 1% over the life of the note. Final payment is due in January 22, 2060, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p> <p>Mortgage note payable to EOHLC under the HOME Investment Partnership Program, accrues no interest except on delinquent payments. The note is payable on November 21, 2040, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2023 was \$715,000.</p> <p>Financing costs of \$13,028 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 0.06%. Accumulated amortization at June 30, 2023 was \$5,428.</p>	<p>-</p> <p>1,235,073</p> <p>-</p> <p>-</p> <p>-</p>	<p>105,527</p> <p>-</p> <p>-</p> <p>707,400</p>



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on November 21, 2040, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2023 was \$1,000,000.</p> <p>Financing costs of \$18,222 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 0.06%. Accumulated amortization at June 30, 2023 was \$7,591.</p>	-	989,369
<i>Church Street School Limited Partnership:</i>		
<p>Mortgage note payable to USDA Rural Development is payable in monthly installments of \$2,123, net of a monthly subsidy of \$2,691 and bears interest at 5.375% per annum. The agreement provides for an interest subsidy making the effective rate 1% over the life of the note. Final payment is due on October 1, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	911,833	-
<p>Mortgage note payable to EOHLC under the HOME Investment Partnership Program, accrues interest at a rate of 7.50% compounded annually. All interest and principal due under this note are payable on May 24, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	243,890
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund, accrues interest at a rate of 7.50% compounded annually. All interest and principal due under this note are payable on May 24, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	733,960

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<i>KenQuad Limited Partnership:</i>		
<p>Mortgage note payable to MHP is secured by the real estate and personal property in the original amount of \$650,000. Monthly payments of interest at a rate equal to the LIBOR daily floating rate plus 2.25% are due through the July 1, 2017. Thereafter, the note requires monthly principal and interest payments of \$3,470, bears an interest rate of 4.95% per annum, and matures in June 2034. The outstanding principal balance at June 30, 2023 was \$585,131.</p> <p>Financing costs of \$76,257 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 3.24%. Accumulated amortization at June 30, 2023 was \$29,866.</p>	538,740	-
<p>Mortgage note payable under the HOME Investments Partnership Program through EOHLC and the City of Springfield bearing simple interest at a rate of 1% interest per annum. The note and accrued interest are due and payable in full on June 16, 2047, net of amortized discount of \$394,326 (effective rate of 2.5%) with a face amount of \$1,127,000. The note is secured by the apartment complex and assignment of certain leases and rents.</p>	-	732,674
<p>Mortgage note payable under the HOME Investments Partnership Program through EOHLC and the City of Springfield bearing simple interest at a rate of 1% interest per annum. The note and accrued interest are due and payable in full on June 16, 2047, net of amortized discount of \$152,202 (effective rate of 2.5%) with a face amount of \$435,000. The note is secured by the apartment complex and assignment of certain leases and rents.</p>	-	282,798
<p>Mortgage note payable to Valley CDC funded through the sale of the Project's Massachusetts low-income housing tax credits. The note bears interest at 2.5% compounded annually. Unpaid principal and interest is due December 2065. The note is secured by a mortgage on the apartment complex.</p>	-	1,128,125

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to Valley CDC funded through the sale of the Project's Massachusetts historic rehabilitation tax credits. The note bears interest at 2.5% compounded annually. Unpaid principal and interest is due December 2065. The note is secured by a mortgage on the apartment complex.</p>	-	1,979,731
<i>Library Commons Limited Partnership:</i>		
<p>Massachusetts Housing Partnership Fund has provided funding in the amount of \$550,000. The loan bears interest at 4.71% and is payable in monthly installments of principal and interest of \$2,856 through March 2042. The note is secured by the apartment complex. The outstanding principal balance at June 30, 2023 was \$539,988.</p>		
<p>Financing costs of \$50,035 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.29%. Accumulated amortization at June 30, 2023 was \$1,876.</p>	491,829	-
<p>Mortgage note payable to CEDAC under the Housing Innovations Fund Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	2,000,000
<p>Mortgage note payable to EOHLC under the Housing Stabilization Fund Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	937,000

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to EOHLC under the HOME Investment Partnership Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	825,000
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program and accrues interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	1,000,000
<p>Mortgage note payable to the City of Holyoke accruing interest at a rate of 1% simple interest based on a 360 day year. All interest and principal due under this note are payable on February 17, 2071, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	400,000
<p>Mortgage note payable to Regional Housing Network funded through the sale of the Project's Massachusetts low-income housing tax credits. The note bears interest at 2.5% compounded annually. Unpaid principal and interest is due December 2069. The note is secured by a mortgage on the apartment complex.</p>	-	2,800,000

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<i>Live Pleasant Limited Partnership:</i>		
Easthampton Savings Bank provided construction funding of \$8,480,710 with interest at a rate of 4% per annum fixed for the construction period. On December 16, 2018, the construction period ended and the interest rate was set at 5.93% per annum. The note required interest only payments thru the construction period. At the end of the construction period a principal payment was made to reduce the principal balance to \$2,314,310 with monthly payments of principal and interest required for the subsequent 30 years thereafter. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2023 was \$2,172,118.		
Financing costs of \$48,962 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 6.13%. Accumulated amortization at June 30, 2023 was \$4,896.	2,128,052	-
Mortgage note payable to EOHLC under the Housing Stabilization Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2066, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	500,000
Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund, accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2046, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	1,083,000
Mortgage note payable to CEDAC under the Housing Preservation and Stabilization Trust Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on February 16, 2048, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	1,500,000

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to CEDAC under the Housing Innovations Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on February 16, 2048, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	1,000,000
<p>Mortgage note payable to CEDAC under the Facilities Consolidation Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on February 16, 2048, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	707,000
<i>Lumber Yard Northampton Limited Partnership:</i>		
<p>TD Bank provided construction funding of \$2,500,000 with interest at a rate of 5.53% per annum fixed for the term of the loan. On December 19, 2019, the note converted to permanent financing and the maturity date extended to December 19, 2039, with monthly payments of principal and interest required based on a 30 year amortization schedule. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2023 was \$2,374,775.</p>	2,311,194	-
<p>Financing costs of \$79,908 are being amortized using the straight-line method. The effective interest rate on the loan approximates to 5.85%. Accumulated amortization at June 30, 2023 was \$16,327.</p>		
<p>Mortgage note payable to EOHLC under the Housing Stabilization Fund Program, accrues no interest except on delinquent payments. The note is payable on February 19, 2069, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	1,000,000

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to the City of Springfield Office of Housing and Neighborhood Services under the Lead Hazard Abatement Program, accrues interest at a rate of 5.75% per annum. All interest and principal due under this note are payable January 26, 2025, or on demand if the premises are not used as required in Section 3 of the loan agreement. The apartment complex is pledged as collateral for the mortgage.</p>	-	220,000
<p>Mortgage note payable to the City of Springfield Community Development Department under the HOME Investment Partnership Program, accrues interest thereon compounded annually at a rate of 6.5% per annum. All interest, principal, and other payments due under this note are payable July 25, 2042, or upon sale or refinance of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	450,000
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program, accrues interest at a rate of 5% per annum. All interest and principal due under this note are payable on October 1, 2033, or upon the occurrence of an event of default or the sale or other transfer of the Project. Under these circumstances, the note becomes immediately payable and due. The apartment complex is pledged as collateral for the mortgage.</p>	-	667,612
<i>Olympia Amherst Limited Partnership:</i>		
<p>Massachusetts Housing Partnership Fund has provided funding in the amount of \$535,000. The loan bears interest at 6.97% and is payable in monthly installments of principal and interest of \$3,549 through April 2035. The note is secured by the apartment complex. The outstanding principal balance at June 30, 2023 was \$477,750.</p>		
<p>Financing costs of \$99,823 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 9.28%. Accumulated amortization at June 30, 2023 was \$38,269.</p>	416,196	-



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to EOHLC under the Housing Stabilization Fund Program, accrues interest at 1% per annum. The note is payable on September 5, 2063, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	1,715,000
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program, accrues interest at 1% per annum. All interest and principal due under this note are payable on September 5, 2044 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	1,000,000
<i>Parsons Limited Partnership:</i>		
<p>Easthampton Savings Bank provided construction funding of \$4,656,447 with interest at a rate of 3.75% per annum fixed for the term of the loan. The note requires interest only payments thru the construction period. At the end of the construction period a \$750,000 principal payment is due with monthly payments of principal and interest for the subsequent 30 years required thereafter. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2023 was \$641,149.</p>		
<p>Financing costs of \$38,340 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 4.285%. Accumulated amortization at June 30, 2023 was \$8,627.</p>	611,436	-
<p>Mortgage note payable to EOHLC under the Non-Federal Investment Trust Fund Program, accrues no interest except on delinquent payments. The note is payable on July 27, 2045, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	490,217
<p>Mortgage note payable to EOHLC under the Housing Stabilization Fund Program, accrues no interest except on delinquent payments. The note is payable on July 27, 2065, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	1,000,000

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on July 27, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	1,175,000
<p>Mortgage note payable to Valley CDC, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on July 28, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	300,000
<i>Rosewood Way Townhomes Limited Partnership:</i>		
<p>Mortgage note payable to CEDAC under the Housing Innovations Fund Program, accrues no interest except on delinquent payments. The note is payable on June 26, 2054, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	1,140,000
<p>Mortgage note payable to CEDAC under the Facilities Consolidation Fund Program, accrues no interest except on delinquent payments. The note is payable on June 26, 2054, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	711,550
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on December 31, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	1,000,000

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to EOHLC under the Housing Stabilization Fund Program, accrues no interest except on delinquent payments. The note is payable on June 26, 2074, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	344,805
<p>Mortgage note payable to MHEF 481 Corp. Fund III LLC, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on the earlier of the receipt of the second equity instalment payment or October 1, 2024. The apartment complex is pledged as collateral for the mortgage.</p>		1,050,395
<i>Sergeant House Limited Partnership:</i>		
<p>Mortgage note payable to CEDAC under the Housing Innovations Fund I Program non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on March 15, 2050. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of amortized discount of \$163,806 (effective rate of 2.74%) with a face amount of \$240,735.</p>	-	76,929
<p>Mortgage note payable to CEDAC under the Housing Innovations Fund III Program non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on March 15, 2050. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of amortized discount of \$246,662 (effective rate of 2.74%) with a face amount of \$362,500.</p>	-	115,838
<p>Mortgage note payable to CEDAC under the Housing Innovations Fund Program and accrues interest at a rate of 2% simple interest based on a 360 day year. All interest and principal due under this note are payable on May 17, 2050, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	492,094

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to CEDAC under the Facilities Consolidation Fund Program and accrues interest at a rate of 2% simple interest based on a 360 day year. All interest and principal due under this note are payable on May 17, 2050, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	260,810
<p>Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program and accrues interest at a rate of 2% simple interest based on a 360 day year. All interest and principal due under this note are payable on May 17, 2050, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.</p>	-	836,559
<p>Mortgage note payable to Valley CDC accruing interest at 2.1% compounded annually. All interest and principal due under this note are payable on March 1, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	580,051
<p>Mortgage note payable to Bridge Street LLC, a subsidiary of Valley CDC accruing interest at 3% compounded annually. All interest and principal due under this note are payable on March 1, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>	-	181,226
<i>Verano Apartments Limited Partnership:</i>		
<p>Massachusetts Housing Partnership Fund has provided funding in the amount of \$415,000. The loan bears interest at 6.23% and is payable in monthly installments of principal and interest of \$2,550 through October 2026. The note is secured by the apartment complex.</p>	277,769	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<i>Windrush Commons Limited Partnership:</i>		
Life Insurance Community Investment Initiative, LLC provided construction funding of \$11,150,000 with interest at a rate of 3.5% per annum fixed for the term of the loan. The loan requires interest only payments and matures January 28, 2024. The apartment complex is pledged as collateral for the mortgage.	10,622,769	
Mortgage note payable to CEDAC under the Housing Innovations Fund Program accrues no interest except on delinquent payments. The note is payable on April 28, 2053, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.		1,045,000
Mortgage note payable to CEDAC under the Facilities Consolidation Fund Program accrues no interest except on delinquent payments. The note is payable on April 28, 2053, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.		368,760
Mortgage note payable to EOHLC under the HOME Investment Partnership Program accrues no interest except on delinquent payments. The note is payable on April 28, 2073, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.		891,000
Mortgage note payable to EOHLC under the Housing Stabilization Fund Program accrues no interest except on delinquent payments. The note is payable on April 28, 2073, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.		990,000
Mortgage note payable to EOHLC administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on April 28, 2063 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.		1,000,000

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Mortgage note payable to Community Development Corporation of South Berkshire, Inc., accrues no interest except on delinquent payments. All interest and principal due under this note are payable on January 28, 2062 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>		450,000
<p>Mortgage note payable to Community Development Corporation of South Berkshire, Inc., accrues no interest except on delinquent payments. All interest and principal due under this note are payable on January 28, 2062 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>		100,000
<p>Mortgage note payable to Community Development Corporation of South Berkshire, Inc., accrues no interest except on delinquent payments. All interest and principal due under this note are payable on April 19, 2063 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.</p>		127,000
<i>Other Subsidiaries:</i>		
<i>Fuller Future LLC:</i>		
<p>Note payable to Life Insurance Community Investment Initiative, LLC approved up to \$337,500, bearing interest at 5% and payable in quarterly interest payments only. The outstanding principal balance and all accrued but unpaid interest is payable upon obtaining permanent financing, but no later than November 18, 2024. Proceeds have been used to fund the acquisition of 188 Fuller Street in Ludlow, Massachusetts.</p>	337,500	-
<i>LC2 Holyoke LLC:</i>		
<p>Note payable to CEDAC approved up to \$101,500, bearing interest at 5.6% and payable in quarterly interest payments only. The outstanding principal balance and all accrued but unpaid interest is payable upon obtaining permanent financing, but no later than December 23, 2022. Proceeds have been used to fund the acquisition of 207 Elm Street in Holyoke Massachusetts.</p>	101,500	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Note payable to CEDAC approved up to \$250,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at Library Commons II in Holyoke, Massachusetts.</p>	-	250,000
<p>Note payable to CEDAC approved up to \$150,000. Interest accrues at 3% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at Library Commons II in Holyoke, Massachusetts.</p>	-	150,000
<i>1780 HCHQ, Inc.</i>		
<p>Note payable to 18 VRV 2008 LLC in the amount of \$2,383,562 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$25,211 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p>		
<p>Financing costs of \$53,313 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$5,092.</p>	2,335,341	-
<p>Note payable to 18 VRV 2008 LLC in the amount of \$1,056,438 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$11,174 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p>		
<p>Financing costs of \$21,371 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$2,258.</p>	1,035,067	-



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Note payable to 18 VRV 2008 LLC in the amount of \$1,435,000 bearing interest at 1% and payable in quarterly interest payments only through December 2025 and a \$50,000 principal payment on December 20, 2025. Thereafter, quarterly payments of principal and interest of \$14,649 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$32,096 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$3,064.</p>	1,405,968	-
<p>Note payable to MHIC NE CDE II Subsidiary 51 LLC in the amount of \$4,099,726 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$43,363 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$91,698 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$8,757.</p>	4,016,785	-
<p>Note payable to MHIC NE CDE II Subsidiary 51 LLC in the amount of \$1,817,074 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$19,219 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$40,642 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$3,880.</p>	1,780,312	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
<p>Note payable to MHIC NE CDE II Subsidiary 51 LLC in the amount of \$2,425,200 bearing interest at 1% and payable in quarterly interest payments only through December 2025 and a \$86,000 principal payment on December 20, 2025. Thereafter, quarterly payments of principal and interest of \$24,742 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$54,244 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$5,179.</p>	2,376,135	-
<p>Note payable to COCRF SubCDE 79 LLC in the amount of \$476,712 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$5,042 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$10,663 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$327.</p>	467,067	-
<p>Note payable to COCRF SubCDE 79 LLC in the amount of \$211,288 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$2,235 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.</p> <p>Financing costs of \$4,726 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$452.</p>	207,014	-

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

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

	<i>Amortizing</i>	<i>Non-amortizing</i>
Note payable to COCRF SubCDE 79 LLC in the amount of \$312,000 bearing interest at 1% and payable in quarterly interest payments only through December 2025. Thereafter, quarterly payments of principal and interest of \$3,300 will commence and continue through December 2052. The note is secure by the property located at 1780 Main Street, Springfield, Massachusetts.		
Financing costs of \$6,978 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 1.07%. Accumulated amortization at June 30, 2023 was \$666.	<u>305,688</u>	<u>-</u>
Total notes payable	54,633,943	47,958,726
Less current portion	<u>(12,275,074)</u>	<u>(1,205,435)</u>
Total long-term liabilities	<u>\$ 42,358,869</u>	<u>\$ 46,753,291</u>

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

<i>Fiscal Year</i>	<i>Amount</i>
2024	\$ 13,480,509
2025	3,800,976
2026	3,152,638
2027	1,911,527
2028	4,150,907
Thereafter	<u>83,948,277</u>
Total note payments	110,444,834
Unamortized financing fees	(754,663)
Unamortized discount	<u>(7,097,502)</u>
Present value of note payments	<u>\$ 102,592,669</u>

Interest costs for the year ended June 30, 2023 was \$3,159,164 amount, of which \$393,745 was capitalized. Additionally, amortized financing fees charged to interest expense for the year ended June 30, 2023 was \$35,452.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**10. Operating Lease**

Other than short term leases, the Organization has operating leases for equipment maturing between January 2024 and March 2026 and a ground lease maturing in August 2112.

As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$164,480 as shown in other assets and the lease liability is included in current liabilities and noncurrent liabilities with a balance of \$54,109 and \$110,371, respectively, on the consolidating statement of financial position. The lease asset and liability were calculated utilizing the risk free discount rate according to the Organization’s elected policy.

Additional information about the Organization’s operating leases is as follows:

	<i>Equipment</i>	<i>Ground</i>
<i>Lease costs:</i>		
Operating lease cost	\$ 66,831	\$ 1,350
Short-term lease cost	<u>950</u>	<u>-</u>
Total lease costs	<u>\$ 67,781</u>	<u>\$ 1,350</u>

*Other Information:*

Cash paid for amounts included in measuring operating lease liabilities:

Operating cash flows from operating leases	\$ 66,831	\$ 1,350
Weighted average remaining lease terms	18.75 months	89 years
Weighted average discount rate	2.85%	2.05%

Maturities of operating lease liabilities as of June 30, 2023 are as follows:

<i>Year ending June 30</i>	<i>Amount</i>
2024	\$ 57,561
2025	37,599
2026	21,742
2027	1,350
2028	1,350
Thereafter	<u>113,400</u>
Total	233,002
Less: interest	<u>(68,522)</u>
Present value of lease liabilities	<u>\$ 164,480</u>

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**11. Net Assets**

*Board Designated*

The Board of Directors has designated \$2,664,851 in net assets without donor restrictions to be used in support of affordable housing programs.

Additionally, the Board has designated \$300,000 in net assets without donor restrictions to fund pilot programs that further Way Finders strategic goals and priorities.

*Net Assets with Donor Restrictions*

The following summarizes the activity of net assets with donor restrictions for the year ended June 30, 2023:

	<i>Balance</i> <i>June 30, 2022</i>	<i>Donor</i> <i>Restricted</i> <i>Contributions</i>	<i>Releases</i> <i>from</i> <i>Restriction</i>	<i>Balance</i> <i>June 30, 2023</i>
City of Homes Vacant				
Properties Initiative	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
Capital campaign	163,041	-	-	163,041
Community health innovation	117,500	-	(117,500)	-
Springfield loan fund	484,619	500,000	(281,084)	703,535
Asset management reserve	186,000	150,000	-	336,000
Organizational development	11,250	-	-	11,250
Green energy development	5,000	-	-	5,000
Elderly supportive housing	4,391,300	-	-	4,391,300
Below market rate loans	6,367,473	-	(226,968)	6,140,505
Time restricted	<u>161,275</u>	<u>60,000</u>	<u>(93,333)</u>	<u>127,942</u>
Total	<u>\$ 11,887,458</u>	<u>\$ 2,710,000</u>	<u>\$ (718,885)</u>	<u>\$ 13,878,573</u>

*Non-controlling Interest*

During the year ended June 30, 2023, affordable housing subsidiaries received capital contributions from non-controlling interest owners totaling \$914,909.

**12. Related Party Transactions**

*Financing*

Members of Common Capital, Inc.'s Board of Directors and employees of the Organization have loaned \$6,500 to Common Capital, Inc.'s Community First Fund as described in Note 9.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**13. *Income Taxes***

Way Finders’ for-profit subsidiaries had provisions for income taxes for the year ended June 30, 2023, consisting of the following:

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

As of June 30, 2023, Way Finders’ for-profit subsidiaries had net operating loss carry-forwards totaling approximately \$161,811 available to offset future taxable income. Certain net operating loss carry-forwards will expire at various times between 2023 and 2042. Additionally, Way Finders’ for-profit subsidiaries had net passive loss carry-forwards totaling approximately \$16,216 and passive tax credit carry-forwards totaling approximately \$4,881 available to offset future passive taxable income. It is unclear if Way Finders will realize value from these credits and loss carry-forwards; accordingly a related tax deferred asset has not been recorded.

**14. *Retirement Plans***

*Way Finders Tax Sheltered Annuity Retirement Plan*

Way Finders provides retirement benefits for its full-time employees through its tax sheltered annuity retirement plan. This plan constitutes a defined contribution plan under section 403(b) of the Internal Revenue Code. All employees are eligible to make elective contributions to the plan upon the beginning of employment and employees who have completed 1.5 years of service as defined by the plan are eligible for employer contributions. The Plan requires Way Finders to make a 20% employer match of employee contributions of up to 2% of annual compensation. Additionally, Way Finders may make discretionary employer contributions to eligible employees based on their compensation as defined by the Plan. Employer contributions for the year ended June 30, 2023 was \$321,378.

*Common Capital SIMPLE IRA Plan*

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

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**15. *Rental Income Under Operating Leases***

The Organization has operating lease agreements with tenants for its commercial space that expire at various dates through June 2039. The leases do not include any variable rent payments. Rental revenue under these leases was \$102,496 for the year ended June 30, 2023. Cash receipts from these tenants during the year ended June 30, 2023 totaled \$105,221, which are included within the cash flows from operating activities on the statement of cash flows.

The Organization is scheduled to receive the following minimum rent payments from these leases over the next five years and thereafter:

<i>Fiscal Year</i>	<i>Amount</i>
2023	\$ 105,445
2024	96,300
2025	87,210
2026	82,758
2027	33,610
Thereafter	<u>396,286</u>
Total	<u>\$ 801,609</u>

**16. *Commitments***

*Construction Contract*

On December 28, 2021, Windrush Commons Limited Partnership executed a \$14,194,441 contract for the construction of the Windrush Commons Project. Through June 30, 2023, change orders were approved increasing the contract amount to \$14,909,659. At June 30, 2023, costs incurred under the contract totaled \$14,791,848. The remaining \$117,811 in construction costs under the contract will be incurred in fiscal year 2024.

On March 22, 2023, Rosewood Way Townhomes Limited Partnership executed a \$20,046,191 contract for the construction of the Rosewood Way Townhomes Project. At June 30, 2023, costs incurred under the contract totaled \$5,802,384. The remaining \$14,243,807 in construction costs under the contract will be incurred in fiscal year 2024.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**16. Commitments – Continued**

*Financing Commitments*

Way Finders, Inc. has a line of credit with Cooperative Fund of New England up to a maximum of \$1,250,000. At June 30, 2023, there was no balance outstanding on the line of credit. Funds from this line are to be used for working capital needs. The line is secured by real property on Prospect Street in Springfield, Massachusetts, certain equipment and accounts receivable. Interest accrues at 5.75% and is payable monthly through March 15, 2026.

The Organization has received various financing commitments to fund acquisition, predevelopment and construction costs related to development and renovations at several of its projects. As of June 30, 2023, the following commitments were received:

<i>Lender</i>	<i>Project</i>	<i>Commitment</i>	<i>Amount</i>	
			<i>Received</i>	<i>Outstanding</i>
Life Insurance Community Investment Initiative, LLC	Windrush Commons	\$ 11,150,000	\$ 10,622,769	\$ 527,231
Berkshire Bank	Windrush Commons	2,000,000	-	2,000,000
CEDAC	Windrush Commons	1,497,000	1,413,760	83,240
DHCD	Windrush Commons	3,090,000	2,881,000	209,000
TD Bank	Rosewood Way	18,593,290	-	18,593,290
Mass Housing	Rosewood Way	5,227,000	-	5,227,000
CEDAC	Rosewood Way	1,949,000	1,851,550	97,450
DHCD	Rosewood Way	3,190,000	1,344,805	1,845,195
CEDAC	NewCourt Terrace	400,000	53,540	346,460
	Total	<u>\$ 47,096,290</u>	<u>\$ 18,167,424</u>	<u>\$ 28,928,866</u>

**17. Liquidity and Availability**

The following represents the Organization’s financial assets at June 30, 2023:

*Financial assets:*

Cash	\$ 9,879,069
Restricted cash	14,497,625
Grants receivable	3,159,736
Accounts receivable	1,502,015
Small business loans receivable, net	1,365,670
Other loans receivable, net	25,660
Interest receivable	11,079
Investments	<u>58,403</u>
Total financial assets	<u>30,499,257</u>



**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**17. *Liquidity and Availability*** – *Continued*

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

Net assets with donor restrictions	\$ 13,878,573
Less net assets with donor restrictions invested	
in long term assets	(10,531,805)
Board designated net assets	2,964,851
Loan receivable repayments restricted for lending	<u>1,365,670</u>
Total	<u>7,677,289</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 22,821,968</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, Way Finders’ affordable housing subsidiaries maintain restricted deposits and funded reserves totaling \$8,559,422 included in non-current restricted cash and restricted investments at June 30, 2023. The ability to use these restricted deposits and funded reserves are subject to lender and investor approval. The restricted deposits and funded reserves are closely monitored by management, lenders and investors to ensure they are adequately funded to meet future expenditures.

**18. *Concentrations***

*Cash*

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

A summary of the total insured and uninsured cash balances at June 30, 2023 is as follows:

Total cash in all banks	\$ 35,591,104
Portion insured by FDIC and DIF	<u>(32,404,552)</u>
Uninsured cash balances	<u>\$ 3,186,552</u>

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**18. Concentrations – Continued**

*Small Business Loans Receivable*

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

*Support*

The Organization's main source of funding is provided from grants and contracts with DHCD, which is approximately 85% of its revenue and 52% of its grants receivable for the year ended June 30, 2023.

**19. Contingencies**

*Operations*

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

*Litigation*

The Organization is defending complaints (judicial and administrative) for discrimination by a current employees and former clients, and a claim of emotional distress due to harassment by a former client. The Organization believes it has meritorious defenses against each of the complaints and intends to vigorously contest them, and expects that the resolution of such complaints will not have a material adverse effect on its financial position. Therefore, no adjustment has been made to the 2023 financial statements.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**19. Contingencies – Continued**

*Grant Funding*

The Organization's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantors. As of the date of these statements, the materiality of adjustments to final costs, if any, cannot be determined although management does not anticipate any. Therefore, no adjustment has been made to the 2023 financial statements.

*CDFI Certification Status*

On September 17, 2013, Common Capital, Inc. was re-certified by the U.S. Department of the Treasury's Community Development Financial Institution Fund as a Community Development Financial Institution. Common Capital, Inc.'s certification is subject to annual reviews by U.S. Department of the Treasury's Community Development Financial Institution Fund. Common Capital, Inc. satisfied its annual review during 2023.

*SBA Community Advantage*

Common Capital, Inc. is required to maintain loan loss reserve accounts to cover potential losses arising from defaulted Community Advantage loans. The minimum requirement is 5% of the unguaranteed portion of Common Capital, Inc.'s Community Advantage loan portfolio. Common Capital, Inc. was in compliance with this requirement for the year ended June 30, 2023 by maintaining restricted bank accounts that exceed the required minimum.

*Surplus Revenue Retention*

Surplus generated under Commonwealth of Massachusetts unit rate contracts must comply with 808 CMR 1.03(7), "Surplus Revenue Retention Policy". In accordance with these requirements, Way Finders is entitled to retain surplus up to twenty percent (20%) of the total revenue of all Commonwealth programs per year as unrestricted net assets. The surplus can be used to further Way Finders' charitable purposes, but may not be used for non-reimbursable expenses as defined in 808 CMR 1.05. For the year ended June 30, 2023, the current year surplus revenue did not exceed 20% of the total revenue of all of the Commonwealth programs.

**Way Finders, Inc. and Subsidiaries**  
Notes to Consolidating Financial Statements – *Continued*  
June 30, 2023

**20. *Conditional Promise to Give***

Way Finders received a pledged donation to the rights on Massachusetts low-income housing tax credits for a low-income housing project. The donation is conditional upon the project qualifying for and receiving the tax credits. The credits are expected to be sold to a third party upon receipt with the proceeds loaned back to the projects.

Additionally, Way Finders has several government grants and contracts whose revenue is conditional upon delivering specific services to clients or incurring qualifying expenditures. These conditional grants and contracts will be recognized in the financial statements when the conditions on which they depend are substantially met.

At June 30, 2023, conditional promises to give totaled \$17,260,822, of which \$12,543,357 has been received and included in advances on grants and contracts in the consolidating statement of financial position.

**21. *Subsequent Events***

Subsequent to year end, management identified certain discrepancies in payments made on behalf of participants under the Emergency Rental Assistance Program (ERAP) and the Rental Assistance for Families in Transition (RAFT) programs. For the period July 1, 2021 through December 31, 2023, management identified payments totaling \$226,190 that may have been made on behalf of ineligible participants. Management has notified EOHLC of the situation and is currently working with EOHLC and the Massachusetts Office of the Inspector General to resolve the issue.

Management believes the recovery of any ineligible payments will be pursued from the recipients of these payments and not the Organization. Management does not believe the Organization will be liable for these payments and therefore has not recorded a liability in these financial statements. It is at least reasonably possible that management's estimate will change in the near term.

The Organization has performed an evaluation of subsequent events through January 26, 2024, which is the date the Organization's consolidating financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**Way Finders, Inc. and Subsidiaries**  
Schedule of Financial Position for Way Finders, Inc.  
June 30, 2023

*Assets*

	Operations	Assistance Payments	Rental Properties	Intra-company Eliminations	Way Finders
<i>Current Assets</i>					
Cash	\$ 5,340,155	\$ -	\$ 55,264	\$ -	\$ 5,395,419
Restricted cash	8,037,459	6,379,541	-	-	14,417,000
Grants receivable	2,296,040	40,223	-	-	2,336,263
Accounts receivable	470,741	-	56,791	-	527,532
Related party receivables	7,433,506	-	-	(214,572)	7,218,934
Loans receivable, net	15,660	-	-	-	15,660
Prepaid expenses and other assets	479,992	-	18,221	-	498,213
Total current assets	<u>24,073,553</u>	<u>6,419,764</u>	<u>130,276</u>	<u>(214,572)</u>	<u>30,409,021</u>
<i>Property and Equipment</i>					
Land	57,000	-	113,000	-	170,000
Buildings and improvements	1,075,494	-	2,393,271	-	3,468,765
Furniture and equipment	3,485,358	-	14,725	-	3,500,083
Software	406,736	-	-	-	406,736
Less: accumulated depreciation	<u>(2,740,782)</u>	<u>-</u>	<u>(1,180,507)</u>	<u>-</u>	<u>(3,921,289)</u>
Total property and equipment	<u>2,283,806</u>	<u>-</u>	<u>1,340,489</u>	<u>-</u>	<u>3,624,295</u>
<i>Other Assets</i>					
Investments	642,530	-	-	-	642,530
Restricted cash	-	376,230	545,707	-	921,937
Work in progress	3,119,286	-	-	(157,487)	2,961,799
Operating lease right-of-use asset	9,104,734	-	-	-	9,104,734
Loans receivable, net	20,755,043	-	-	(85,000)	20,670,043
Intangible assets, net	92,394	-	-	-	92,394
Total other assets	<u>33,713,987</u>	<u>376,230</u>	<u>545,707</u>	<u>(242,487)</u>	<u>34,393,437</u>
Total assets	<u>\$ 60,071,346</u>	<u>\$ 6,795,994</u>	<u>\$ 2,016,472</u>	<u>\$ (457,059)</u>	<u>\$ 68,426,753</u>

**Way Finders, Inc. and Subsidiaries**  
Schedule of Financial Position for Way Finders, Inc. - *Continued*  
June 30, 2023

***Liabilities and Net Assets***

	Operations	Assistance Payments	Rental Properties	Intra-company Eliminations	Way Finders
<i>Current Liabilities</i>					
Accounts payable	\$ 918,314	\$ -	\$ 31,823	\$ -	\$ 950,137
Related party payables	-	201,049	13,523	(214,572)	-
Accrued expenses	1,771,032	-	1,890	-	1,772,922
Advances on grants and contracts	3,497,892	6,157,902	-	-	9,655,794
Mortgages and notes payable	559,611	-	11,274	-	570,885
Non-amortizing notes payable	53,540	-	-	-	53,540
Operating lease liability	172,904	-	-	-	172,904
Deferred revenue	16,245	-	11,024	-	27,269
Total current liabilities	<u>6,989,538</u>	<u>6,358,951</u>	<u>69,534</u>	<u>(214,572)</u>	<u>13,203,451</u>
<i>Noncurrent liabilities</i>					
Amortizing notes payable	13,125,263	-	118,026	-	13,243,289
Non-amortizing notes payable	-	-	931,239	(85,000)	846,239
Operating lease liability	10,021,593	-	-	-	10,021,593
Escrow liabilities	-	437,043	18,007	-	455,050
Advances on grants and contracts	12,236,247	-	-	-	12,236,247
Total noncurrent liabilities	<u>35,383,103</u>	<u>437,043</u>	<u>1,067,272</u>	<u>(85,000)</u>	<u>36,802,418</u>
Total liabilities	<u>42,372,641</u>	<u>6,795,994</u>	<u>1,136,806</u>	<u>(299,572)</u>	<u>50,005,869</u>
<i>Net Assets</i>					
<i>Without donor restrictions</i>					
Board designated for affordable housing program	2,964,851	-	-	-	2,964,851
Undesignated	12,157,290	-	231,697	(157,487)	12,231,500
<i>With donor restrictions</i>	<u>2,576,564</u>	<u>-</u>	<u>647,969</u>	<u>-</u>	<u>3,224,533</u>
Total net assets	<u>17,698,705</u>	<u>-</u>	<u>879,666</u>	<u>(157,487)</u>	<u>18,420,884</u>
Total liabilities and net assets	<u>\$ 60,071,346</u>	<u>\$ 6,795,994</u>	<u>\$ 2,016,472</u>	<u>\$ (457,059)</u>	<u>\$ 68,426,753</u>

**Way Finders, Inc. and Subsidiaries**  
**Schedule of Revenue, Support and Expenses for Way Finders, Inc.**  
**For the Year Ended June 30, 2023**

	Without Donor Restrictions			With Donor Restrictions			Way Finders
	Operations	Assistance Payments	Rental Properties	Operations	Rental Properties	Intra-company Eliminations	
<b>Revenue and Support</b>							
Contributions	\$ 740,455	\$ -	\$ -	\$ 2,060,000	\$ -	\$ -	\$ 2,800,455
Grant assistance payments	-	83,966,716	-	-	-	-	83,966,716
Grants - Neighbor Works America	392,750	-	-	150,000	-	-	542,750
Government grants and contracts	22,619,015	-	-	-	-	-	22,619,015
Program fees	392,040	-	1,547	-	-	-	393,587
Property and asset management fees	685,717	-	-	-	-	(31,849)	653,868
Developer fees	777,542	-	-	-	-	(26,627)	750,915
Lending interest income	370,611	-	-	-	-	(83,556)	287,055
Investment income	110,718	-	6,557	-	-	-	117,275
Rental income	43,777	-	437,177	-	-	-	480,954
Release from restriction	60,000	-	63,826	(60,000)	(63,826)	-	-
	<u>26,192,625</u>	<u>83,966,716</u>	<u>509,107</u>	<u>2,150,000</u>	<u>(63,826)</u>	<u>(142,032)</u>	<u>112,612,590</u>
Total revenue and support							
<b>Expenses</b>							
Salaries	14,474,064	-	78,860	-	-	(22,692)	14,530,232
Payroll tax and fringe benefits	3,154,544	-	17,154	-	-	(3,935)	3,167,763
Employee training	170,998	-	-	-	-	-	170,998
Professional services	1,484,190	-	7,854	-	-	-	1,492,044
Contract services	528,531	-	-	-	-	-	528,531
Communications	252,546	-	8,999	-	-	-	261,545
Postage	100,820	-	511	-	-	-	101,331
Materials production	114,348	-	802	-	-	-	115,150
Management fees	-	-	31,849	-	-	(31,849)	-
Program expense	4,237,857	-	-	-	-	-	4,237,857
Office supplies	141,655	-	307	-	-	-	141,962
Licenses, dues and fees	349,173	-	711	-	-	-	349,884
Travel	104,187	-	979	-	-	-	105,166
Audit expense	90,781	-	-	-	-	-	90,781
Legal expense	57,401	-	9,552	-	-	-	66,953
Insurance	223,256	-	16,011	-	-	-	239,267
Repairs and maintenance	73,248	-	40,848	-	-	-	114,096
Utilities	10,725	-	78,697	-	-	-	89,422
Recruitment	213,042	-	-	-	-	-	213,042
Other taxes	6,098	-	29,449	-	-	-	35,547
Interest	638,731	-	73,618	-	-	-	712,349
Provider reimbursement	44,643	-	-	-	-	-	44,643
Other expenses	60,539	-	400	-	-	-	60,939
Depreciation and amortization	462,311	-	69,884	-	-	-	532,195
Client assistance disbursed	-	83,966,716	-	-	-	-	83,966,716
Computer operations	29,442	-	3,820	-	-	-	33,262
Occupancy	791,757	-	-	-	-	-	791,757
Marketing and outreach	12,777	-	-	-	-	-	12,777
Other administrative expenses	(149,294)	-	1,204	-	-	-	(148,090)
	<u>27,678,370</u>	<u>83,966,716</u>	<u>471,509</u>	<u>-</u>	<u>-</u>	<u>(58,476)</u>	<u>112,058,119</u>
Total expenses							
Change in net assets	\$ (1,485,745)	\$ -	\$ 37,598	\$ 2,150,000	\$ (63,826)	\$ (83,556)	\$ 554,471



**Way Finders, Inc. and Subsidiaries**  
**Schedule of Financial Position for Housing Assistance Programs**  
**June 30, 2023**

	<i>Federal Voucher</i>	<i>Moderate Rehab</i>	<i>MRVP</i>	<i>Other Programs</i>	<i>Total</i>
<i>Assets</i>					
Restricted cash	\$ 4,639,395	\$ 228,439	\$ 1,728,436	\$ 159,107	\$ 6,755,377
Grants receivable - DHCD	113,502	20,000	-	138,794	272,296
Accounts receivable - DHCD	1,330	-	180	1,056	2,566
Related party receivables	897,019	1,641,165	-	665,736	3,203,920
Software	113,199	23,935	-	-	137,134
Less: accumulated depreciation	<u>(107,530)</u>	<u>(23,935)</u>	<u>-</u>	<u>-</u>	<u>(131,465)</u>
Total assets	<u>\$ 5,656,915</u>	<u>\$ 1,889,604</u>	<u>\$ 1,728,616</u>	<u>\$ 964,693</u>	<u>\$ 10,239,828</u>
<i>Liabilities</i>					
Accounts payable	\$ 14,360	\$ 57	\$ 93	\$ 8	\$ 14,518
Related party payables	-	-	615,523	-	615,523
Accrued expenses	59,464	64,196	7,021	-	130,681
Escrow liabilities	399,047	-	-	37,996	437,043
Advances on grants and contracts	<u>3,786,549</u>	<u>532,995</u>	<u>1,778,158</u>	<u>33,442</u>	<u>6,131,144</u>
Total liabilities	<u>4,259,420</u>	<u>597,248</u>	<u>2,400,795</u>	<u>71,446</u>	<u>7,328,909</u>
<i>Net Assets</i>					
Without donor restrictions					
Undesignated	-	-	(672,179)	893,247	221,068
Board designated for affordable housing program	1,372,495	1,292,356	-	-	2,664,851
With donor restrictions	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total net assets	<u>1,397,495</u>	<u>1,292,356</u>	<u>(672,179)</u>	<u>893,247</u>	<u>2,910,919</u>
Total liabilities and net assets	<u>\$ 5,656,915</u>	<u>\$ 1,889,604</u>	<u>\$ 1,728,616</u>	<u>\$ 964,693</u>	<u>\$ 10,239,828</u>

## Way Finders, Inc. and Subsidiaries

### Schedule of Revenue, Expenses, and Changes in Net Assets for Housing Assistance Programs For the Year Ended June 30, 2023

	<i>Federal Voucher</i>	<i>Moderate Rehab</i>	<i>MRVP</i>	<i>Other Programs</i>	<i>Total</i>
<b>Revenue and Support</b>					
Contributions	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Grant assistance payments	38,550,993	4,236,093	7,761,459	96,854	50,645,399
Government grants and contracts	4,711,712	539,225	577,450	68,019	5,896,406
Program fees	5,390	-	397	17,886	23,673
Investment income	-	-	534	3,881	4,415
	<u>43,293,095</u>	<u>4,775,318</u>	<u>8,339,840</u>	<u>186,640</u>	<u>56,594,893</u>
Total revenue and support					
<b>Expenses</b>					
Salaries	2,757,869	214,551	300,956	53,170	3,326,546
Payroll tax and fringe benefits	656,171	48,875	73,376	11,717	790,139
Employee training	17,261	-	-	-	17,261
Professional services	68,587	-	94	1,140	69,821
Contract services	33,514	-	-	-	33,514
Communications	8,831	5,550	-	611	14,992
Postage	68,008	7,666	7,151	2	82,827
Materials production	27,148	1,482	2,366	372	31,368
Program expense	41,751	-	-	1,110	42,861
Office supplies	28,769	874	1,351	219	31,213
Licenses, dues and fees	7,935	-	-	-	7,935
Travel	32,915	4,639	85	-	37,639
Audit expense	20,758	11,512	2,319	381	34,970
Legal expense	18,783	-	-	-	18,783
Insurance	17,803	1,292	1,986	328	21,409
Recruitment	3,804	-	-	-	3,804
Provider reimbursement	44,643	-	-	-	44,643
Other expenses	222	-	-	966	1,188
Depreciation and amortization	42	-	-	-	42
Client assistance disbursed	38,550,993	4,236,093	7,761,459	96,854	50,645,399
Computer operations	249,380	18,110	27,775	4,565	299,830
Occupancy	329,025	23,975	36,484	6,021	395,505
Marketing and outreach	66,743	4,834	7,423	1,226	80,226
Administrative allocation	824,690	59,815	91,488	15,124	991,117
	<u>43,875,645</u>	<u>4,639,268</u>	<u>8,314,313</u>	<u>193,806</u>	<u>57,023,032</u>
Total expenses					
Change in net assets	(582,550)	136,050	25,527	(7,166)	(428,139)
Net assets - beginning of year	<u>1,980,045</u>	<u>1,156,306</u>	<u>(697,706)</u>	<u>900,413</u>	<u>3,339,058</u>
Net assets - end of year	<u>\$ 1,397,495</u>	<u>\$ 1,292,356</u>	<u>\$ (672,179)</u>	<u>\$ 893,247</u>	<u>\$ 2,910,919</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

<i>Federal Grantor</i>	<i>Federal</i>	<i>Federal</i>		
<i>Cluster or Program Title</i>	<i>Assistance</i>	<i>Pass-through</i>		
<i>Pass-through Grantor</i>	<i>Listing</i>	<i>Entity Identifying</i>	<i>Total Federal</i>	<i>Expenditures to</i>
	<i>Number</i>	<i>Number</i>	<i>Expenditures</i>	<i>Subrecipients</i>
<b><i>U.S. Department of Housing and Urban Development</i></b>				
Fair Housing Initiatives Program				
Direct Program	14.408	FEOI210005	\$ 50,332	\$ 19,839
Moving to Work Demonstration Program				
Passed through Massachusetts Executive Office of Housing and Livable Communities (EOHLC)	14.881	SCOCD264523869015MTW	41,062,090	-
Passed through Massachusetts EOHLC	14.881	SCOCD2640228690022EHV	77,543	-
Passed through Massachusetts EOHLC	14.881	SCOCD26402286RAAEHV2	709,658	-
Passed through Massachusetts EOHLC	14.881	SCOCD264523869015SUP	77,244	-
Passed through Massachusetts EOHLC	14.881	SCOCD264523869015SNO	179,312	-
Total Moving to Work Demonstration Program			<u>42,105,847</u>	<u>-</u>
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation				
Passed through Massachusetts EOHLC	14.856	SCOCD264023869019MRB	4,775,317	-
Continuum of Care Program				
Passed through Massachusetts EOHLC	14.267	OCD810021F0707STAP20	137,729	-
Passed through Massachusetts EOHLC	14.267	OCD810021FCOMGRANT20	97,994	-
Passed through City of Springfield	14.267	MA0459U1T042108	65,960	-
Passed through Community Action Pioneer Valley	14.267	MA0072L1T072114	21,889	-
Passed through Community Action Pioneer Valley	14.267	MA0072L1T072215	12,080	-
Total Continuum of Care Program			<u>335,652</u>	<u>-</u>
Family Self Sufficiency Program				
Passed through Massachusetts EOHLC	14.896	SCOCD264023589021FSS	233,800	-
Supportive Housing for Persons with Disabilities				
Passed through Massachusetts EOHLC	14.181	SCOCD264222869017MS5	194,081	-

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2023

<i>Federal Grantor</i>	<i>Federal Assistance Listing Number</i>	<i>Federal Pass-through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
<i>Cluster or Program Title</i>				
<i>Pass-through Grantor</i>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers				
Passed through Massachusetts EOHLC	14.871	SCOCD264023699014HCV	\$ 332,110	\$ -
Family Unification Program				
Passed through Massachusetts EOHLC	14.880	SCOCD264123699016FUP	<u>396,868</u>	<u>-</u>
Total Housing Voucher Cluster			<u>728,978</u>	<u>-</u>
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants				
Passed through Massachusetts EOHLC (Loan)	14.218	N/A	170,000	-
Housing Counseling Assistance Program				
Passed through Housing Partnership Network	14.169	22-14	34,327	
Passed through Housing Partnership Network	14.169	21-14	<u>14,001</u>	<u>-</u>
Total Housing Counseling Assistance Program			<u>48,328</u>	<u>-</u>
Section 4 Capacity Building for Community Development and Affordable Housing				
Passed through Local Initiatives Support Corporation	14.252	53112-0002	25,600	-
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii				
Passed through Town of West Springfield	14.228	21-180-002	<u>15,100</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>48,683,035</u>	<u>19,839</u>

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2023

<i>Federal Grantor</i>	<i>Federal Assistance Listing Number</i>	<i>Federal Pass-through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
<i>Cluster or Program Title</i>				
<i>Pass-through Grantor</i>				
<b><i>U.S. Department of Treasury</i></b>				
NeighborWorks Grant Funds				
Passed through Neighborworks Reinvestment Corporation	21.U01	R-NEC-2023-70090	\$ 381,000	\$ -
Passed through Neighborworks Reinvestment Corporation	21.U01	R-SUPINT-2022-69564	500	-
Passed through Neighborworks Reinvestment Corporation	21.U01	R-SUPINT-2022-69763	4,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	R-NWW-2023-70876	1,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	R-SUPINT-2023-70904	<u>6,750</u>	<u>-</u>
Total NeighborWorks Grant Funds			<u>393,250</u>	<u>-</u>
Community Development Financial Institutions Rapid Response Program				
Direct Program	21.024	21RRP056397	169,584	-
COVID 19 Emergency Rental Assistance Program				
Passed through Massachusetts EOHLC	21.023	OCD2650HSLERAFT22250	<u>6,622,609</u>	<u>-</u>
Total U.S. Department of Treasury			<u>7,185,443</u>	<u>-</u>
<b><i>U.S. Department of Commerce</i></b>				
Economic Development Cluster				
Economic Adjustment Assistance				
Direct Program	11.307	01-79-08851	449,468	-
Direct Program	11.307	01-79-14260	<u>502,436</u>	<u>-</u>
Total Economic Adjustment Assistance			<u>951,904</u>	<u>-</u>
Total U.S. Department of Commerce			<u>951,904</u>	<u>-</u>

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2023

<i>Federal Grantor</i>	<i>Federal Assistance Listing Number</i>	<i>Federal Pass-through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
<i>Cluster or Program Title</i> <i>Pass-through Grantor</i>				
<b><i>Small Business Administration</i></b>				
Microloan Program				
Direct Program (Loan)	59.046	702-510-5007 SBA	\$ 105,293	\$ -
Direct Program (Loan)	59.046	960-371-5003 SBA	357,238	-
Direct Program (Loan)	59.046	365-889-7003 SBA	467,473	-
Direct Program (Loan)	59.046	839-167-8202 SBA	727,315	-
Direct Program (Grant)	59.046	SBAHQ-19-Y-0015	<u>225,000</u>	<u>-</u>
Total Microloan Program			<u>1,882,319</u>	<u>-</u>
7(a) Loan Guarantees				
Direct Program (Loan Guarantees)	59.012	N/A	<u>2,383,877</u>	<u>-</u>
Total Small Business Administration			<u>4,266,196</u>	<u>-</u>
<b><i>U.S. Department of Agriculture</i></b>				
SNAP Cluster				
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP				
Passed through the University of Massachusetts Medical School	10.596	N/A	<u>4,856</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>4,856</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 61,091,434</u>	<u>\$ 19,839</u>

*See accompanying notes to the schedule*

**Way Finders, Inc. and Subsidiaries**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Way Finders, Inc. (Way Finders) under programs of the Federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion Way Finders' operations, it is not intended to and does not present the financial position, changes in net assets or cash flows of Way Finders.

**2. Summary of Significant Accounting Policies**

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

**3. Loan and Guarantee Assistance**

*Community Development Block Grant (Assistance Listing #14.218)*

The Community Development Block Grant loan which was received in a prior fiscal year, is included on the Schedule at its outstanding balance as of July 1, 2022 as it includes continuing compliance requirements. During 2023, no additional proceeds were received or payments made. At June 30, 2023, the loan balance was \$170,000.

*Microloan Program (Assistance Listing #59.046)*

Federal awards in the form of loans from the U.S. Small Business Administration (SBA) are included on the Schedule at their outstanding balances as of July 1, 2022 plus any new proceeds received during fiscal year 2023 as they include continuing compliance requirements. The activity on these loans for the year ended June 30, 2023 is as follows:

<i>Federal Award Number</i>	<i>702-510- 5007 SBA</i>	<i>960-371- 5003 SBA</i>	<i>365-889- 7003 SBA</i>	<i>839-167- 8202 SBA</i>
Balance July 1, 2022	\$ 105,293	\$ 357,238	\$ 467,473	\$ 727,315
Payments made	<u>(43,086)</u>	<u>(68,339)</u>	<u>(64,865)</u>	<u>(68,056)</u>
Balance June 30, 2023	<u>\$ 62,207</u>	<u>\$ 288,899</u>	<u>\$ 402,608</u>	<u>\$ 659,259</u>



**Way Finders, Inc. and Subsidiaries**  
Notes to Schedule of Expenditures of Federal Awards – *Continued*  
For the Year Ended June 30, 2023

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

*7(a) Loan Guarantees (Assistance Listing #59.012)*

The SBA has guaranteed between 75% and 90% of qualifying outstanding balances on loans receivable made by Common Capital, Inc. The federal award expenditures reported on the Schedule is equal to the outstanding guarantees at July 1, 2022 plus any additional guarantees made during the year ended June 30, 2023. At June 30, 2022, the guarantees covered \$1,269,877 of \$1,603,482 qualifying loans. At June 30, 2023, the guarantees covered \$2,190,875 of \$2,760,879 qualifying loans. SBA provided an additional \$1,114,000 in guarantees for \$1,400,000 in new loans made during the year ended June 30, 2023.

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

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

<i>Federal Award Number</i>	<i>01-79-14260</i>	<i>01-79-08851</i>
Revolving Loan Fund principal at June 30, 2023	\$ 616,992	\$ 781,696
Revolving Loan Fund cash and investment balances at June 30, 2023	(1,824)	102,329
Administrative expenses paid out of the Revolving Loan Fund during fiscal year 2023	<u>12,876</u>	<u>14,911</u>
Total program expenditures for the year ended June 30, 2023	628,044	898,936
Federal share of the Revolving Loan Fund	<u>80%</u>	<u>50%</u>
Federal expenditures for the year ended June 30, 2023	<u>\$ 502,436</u>	<u>\$ 449,468</u>

**REPORTS ON INTERNAL CONTROL  
AND COMPLIANCE**



**DANIEL DENNIS & Co**  
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Way Finders, Inc. and subsidiaries (the Organization) which comprise the consolidating statement of financial position as of June 30, 2023, and the related consolidating statements of activities, changes in net assets/(deficit), functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated January 26, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidating financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2023-001.

## **The Organization's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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

*Daniel Dennis & Company LLP*

*January 26, 2024*



**DANIEL DENNIS & Co**  
Certified Public Accountants

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

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

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

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

We have audited Way Finders, Inc. and subsidiaries' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Organization's consolidating financial statements include the operations of Southampton Housing for the Elderly, Inc. and Stevens Senior Housing of Ludlow, Inc., which expended \$3,180,568 and \$4,930,927, respectively, in federal awards, which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2023. Our audit, as described below, did not include the operations of Southampton Housing for the Elderly, Inc. and Stevens Senior Housing of Ludlow, Inc. because their federal awards are audited within each organization's stand-alone audit performed in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Daniel Dennis & Company LLP*

*January 26, 2024*

**Way Finders, Inc. and Subsidiaries**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditor's report issued - Unmodified

*Internal control over financial reporting:*

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

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

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

*Federal Awards*

Internal control over major programs:

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

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

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

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

Identification of major programs:

AL Number	Name of Program or Cluster
20.023	<i>Emergency Rental Assistance Program</i>
14.881	<i>Move to Work Demonstration Program</i>
	<u><i>Section 8 Project-Based Cluster</i></u>
14.856	<i>Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation</i>
59.046	<i>Microloan Program</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 1,832,743

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



**Way Finders, Inc. and Subsidiaries**  
Schedule of Findings and Questioned Costs – *Continued*  
For the Year Ended June 30, 2023

**II. FINANCIAL STATEMENT FINDINGS**

See item 2023-001 under Part III below.

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

***2023-001 Payments on behalf of Ineligible Participants***

*Federal Agency:* U.S. Department of the Treasury  
*Federal Program:* 20.023 Emergency Rental Assistance Program (ERAP)

*Condition*

Management identified four payments under the ERAP totaling \$40,000 for the year ended June 30, 2023, that were made on behalf of ineligible participants. Additionally, management identified additional payments on behalf of ineligible participants under the non-federal Rental Assistance for Families in Transition (RAFT) program during the period July 1, 2021 through December 31, 2023. Management identified 27 ineligible payments totaling \$226,190 made under the two programs for the period July 1, 2021 through December 31, 2023.

*Context*

No exceptions were found in a non-statistically valid sample of forty disbursements totaling \$82,443 under the ERAP. The population for the ERAP disbursements was 3,612 totaling \$6,645,726. The ineligible payments were detected through non-sampling procedures.

*Criteria*

Financial assistance to households including payments of rent, rental arrears, utilities and home energy costs, utility and home energy costs arrears and other expenses relating to housing must be paid to participants whom are at risk of homelessness and have household income levels at or below 80% of the area median income.

*Cause*

Manual overrides in EOHLC's online payment system were used to process payments that did not pass the initial verification process.

*Effect*

Certain payments were not made to or on behalf of eligible participants in accordance with program regulations.

**Way Finders, Inc. and Subsidiaries**  
Schedule of Findings and Questioned Costs – *Continued*  
For the Year Ended June 30, 2023

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

***2023-001 Payments on behalf of Ineligible Participants – Continued***

*Questioned Costs*

\$40,000

*Repeat Finding*

No

*Recommendation*

We recommend management continue to work with EOHLC to develop additional policies and procedures over the review, approval and payments process to ensure funding is only provided to or on behalf of eligible participants in accordance with program regulations.

*Management Response*

Management agrees with the finding. See management's attached corrective action plan.

**Way Finders, Inc. and Subsidiaries**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2023

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

**Way Finders, Inc. and Subsidiaries**  
Corrective Action Plan (Unaudited)  
For the Year Ended June 30, 2023

***2023-001 Payments on behalf of Ineligible Participants***

*Responsible Official*

Janette Vigo, Chief Program Officer

*Plan Detail*

Although we currently have strong processes in place to flag and identify most ineligible payments before they are made, Way Finders will continue our work internally to determine and implement additional measures as recommended by the Executive Office of Housing and Livable Communities (EOHLC). We will hire an independent firm to perform a programmatic audit including a review of any applications processed using manual system overrides. We will request that EOHLC tighten access for all users and limit override abilities solely to the compliance team. We will also implement a monthly review of all overrides in the system to proactively evaluate potential risks within the system to prevent similar ineligible payments.

Additionally, management has established a Fraud Risk Oversight Committee (FROC) whose members are the CEO, CFO, Chief Legal Officer, Chief Program Officer, and SVP of Housing Education Services. The FROC will oversee the implementation of the corrective action plan and report on a quarterly basis to the Board of Directors, Finance and Audit Committee.

*Anticipated Completion Date*

The corrective action is in the process of being implemented and expected to be completed in fiscal year 2024.

