

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position

December 31, 2020
(With Summarized Comparative Totals as of December 31, 2019)

Assets	2020					2019			
	Metro West CD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	GRW Senior Apartments LLC	Herring Brook Hill LLC	Eliminations	Total	Total
Current Assets:									
Cash - operating	\$ 795,388	\$ 14,804	\$ 80,135	\$ -	\$ -	\$ 90,602	\$ -	\$ 980,929	\$ 381,139
Cash - construction	95,845	-	-	254,529	1,510	-	-	256,039	95,845
Contracts receivable	27,600	11,261	-	-	-	474	-	40,104	64,485
Program service and rent receivable, net	733,241	-	769	100	-	-	(809,413)	-	-
Dues from related parties	30,624	3,256	7,456	-	-	4,776	-	46,112	34,896
Prepaid expenses	1,682,698	29,321	164,432	254,629	1,510	95,852	(809,413)	1,419,029	480,570
Total current assets	125,000	237,126	339,229	7,125	-	154,039	-	862,519	757,241
Reserves	435,068	-	-	-	-	-	(435,068)	-	-
Notes Receivable, net	160,853	-	-	-	-	-	-	160,853	160,535
Property Held for Sale, net of accumulated depreciation	-	-	-	-	-	-	-	-	-
Property and Equipment:									
Land	-	420,000	-	681,000	718,000	374,200	-	2,093,200	2,097,863
Buildings	-	1,704,222	1,120,655	-	-	6,296,090	(60,851)	9,060,217	9,083,203
Building and leasehold improvements	-	2,979,556	4,145,935	-	-	-	(1,890,032)	5,235,423	6,085,589
Furniture, fixtures and equipment	44,903	13,085	104,767	-	-	66,978	-	16,355,683	34,670,000
Less - accumulated depreciation	141,903	5,342,374	5,371,287	681,000	718,000	6,637,238	(1,050,903)	16,355,683	17,609,060
Net property and equipment	26,412	3,274,194	3,959,562	681,000	718,000	130,318	(108,195)	2,483,238	2,047,417
Construction in Process and Predevelopment Costs	18,491	3,868,780	4,371,325	681,000	718,000	6,446,350	(1,842,708)	14,261,238	13,561,645
Capitalized Costs, net	24,836	-	24,301	7,925,152	701,742	-	-	8,676,031	1,285,146
	13,574	16,113	8,694	-	-	-	-	38,381	46,588
Total assets	\$ 2,460,520	\$ 4,151,340	\$ 4,907,981	\$ 8,867,906	\$ 1,421,252	\$ 6,696,241	\$ (3,087,189)	\$ 25,418,051	\$ 18,291,673
Liabilities and Entities' Equity (Deficit)									
Current Liabilities:									
Current portion of mortgage notes payable	\$ 2,504	\$ 32,128	\$ 28,460	\$ -	\$ -	\$ 21,815	\$ -	\$ 84,907	\$ 73,834
Accounts payable and accrued expenses - operating	60,040	40,244	38,887	3,072,377	41,763	24,989	-	205,923	162,764
Accounts payable - development	-	-	-	700,405	110,557	18,000	(809,403)	3,182,934	412,422
Current portion of due to related parties	76,072	-	14,926	-	-	-	-	-	-
Current portion of deferred revenue	105,908	-	-	-	-	-	-	105,908	101,136
Total current liabilities	244,524	72,372	82,273	3,772,782	152,320	64,804	(809,403)	3,579,672	750,156
Refundable Grant	59,300	-	-	-	-	-	-	59,300	59,300
Mortgage Notes Payable, net	127,275	836,211	885,663	2,151,420	1,095,309	2,554,644	-	7,650,522	5,847,236
Deferred Revenue, net of current portion	460,023	-	-	-	-	-	-	460,023	281,721
Due to Related Parties, net of current portion	-	51,726	157,754	-	-	-	(209,480)	-	-
Deferred Interest	-	-	380,889	-	-	-	-	380,889	325,644
Paycheck Protection Program Loan	82,117	-	-	-	-	-	-	82,117	733,702
Conditional Grant Advances	450,000	-	3,239,517	2,926,809	185,068	283,702	-	733,702	733,702
Contingent Debt	-	2,318,655	-	-	-	2,681,347	(1,263,477)	10,087,919	7,823,220
Total liabilities	1,423,239	3,278,964	4,746,096	8,851,011	1,432,697	5,584,497	(2,282,360)	23,034,144	15,820,979
Entities' Equity (Deficit):									
Without donor restrictions:									
Operating	880,039	(62,649)	34,547	-	-	70,863	209,470	1,132,270	221,923
Development	-	-	-	16,895	(11,445)	-	-	5,450	10,439
Property and equipment	908,714	935,025	127,338	16,895	(11,445)	1,040,881	(1,176,204)	955,715	1,908,996
Total without donor restrictions	128,567	872,376	161,885	16,895	(11,445)	1,111,744	(966,734)	2,093,435	2,141,358
With donor restrictions	1,037,281	872,376	161,885	-	(11,445)	-	-	128,567	19,500
Total Metro West CD's consolidated entities' equity (deficit)	1,037,281	872,376	161,885	-	(11,445)	-	(966,734)	2,222,002	2,160,858
Non-controlling interest	-	-	-	16,895	(11,445)	-	161,905	161,905	309,836
Total entities' equity (deficit)	\$ 2,460,520	\$ 4,151,340	\$ 4,907,981	\$ 8,867,906	\$ 1,421,252	\$ 6,696,241	\$ (3,087,189)	\$ 25,418,051	\$ 18,291,673

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Financial Position
December 31, 2019

	Metro West CD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	GBW Senior Apartments LLC	Herring Brook Hill LLC	Eliminations	Total
Assets								
Current Assets:								
Cash	\$ 210,004	\$ 14,515	\$ 48,987	\$ 13	\$ 624	\$ 106,996	\$ -	\$ 381,139
Program service and rent receivable, net	47,883	7,602	-	1,665	-	7,335	-	64,485
Current portion of due from related parties	32,817	-	76,072	-	-	-	(408,889)	-
Prepaid expenses	24,909	2,934	6,875	-	-	178	-	34,896
Total current assets	615,613	25,051	131,934	1,678	624	114,509	(408,889)	480,520
Reserves	125,000	246,800	326,901	-	-	58,540	-	757,241
Due from Related Parties, net of current portion and allowance for doubtful accounts	158,212	-	-	-	-	-	(158,212)	-
Notes Receivable, net	221,186	-	-	-	-	-	(221,186)	-
Property Held for Sale, net of accumulated depreciation	160,535	-	-	-	-	-	-	160,535
Property and Equipment:								
Land	-	420,000	-	685,663	718,000	274,200	-	2,097,863
Buildings	-	1,704,323	1,120,655	-	-	6,319,076	(60,851)	9,083,203
Building and leasehold improvements	-	2,958,271	4,145,925	-	-	-	(1,018,607)	6,085,589
Furniture, fixtures and equipment	44,903	125,817	104,707	-	-	66,978	-	342,405
Less - accumulated depreciation	44,903	5,208,411	5,371,287	685,663	718,000	6,660,254	(1,079,458)	17,609,060
Net property and equipment	20,712	1,245,273	853,340	-	718,000	23,285	(95,193)	2,047,417
	24,191	3,963,138	4,517,947	685,663	718,000	6,636,969	(984,265)	15,561,643
Construction in Process and Predevelopment Costs	-	-	24,301	880,807	380,038	-	-	1,285,146
Capitalized Costs, net	17,362	19,446	9,780	-	-	-	-	46,588
Total assets	\$ 1,322,099	\$ 4,254,435	\$ 5,010,863	\$ 1,568,148	\$ 1,098,662	\$ 6,810,018	\$ (1,772,552)	\$ 18,291,673
Liabilities and Entities' Equity (Deficit)								
Current Liabilities:								
Current portion of mortgage notes payable	\$ 2,016	\$ 30,870	\$ 27,388	\$ -	\$ -	\$ 13,560	\$ -	\$ 73,834
Accounts payable and accrued expenses - operating	65,924	33,123	38,117	1,600	4,468	19,532	-	162,764
Accounts payable - development	-	-	-	80,725	22,145	309,552	-	412,422
Current portion of due to related parties	76,072	-	5,620	-	-	327,197	(408,889)	-
Current portion of deferred revenue	101,136	-	101,136	-	-	-	-	101,136
Total current liabilities	245,148	63,993	71,125	82,325	26,613	669,841	(408,889)	750,156
Refundable Grant	59,300	-	-	-	-	-	-	59,300
Mortgage Notes Payable, net	84,976	865,754	909,309	992,541	987,706	2,006,950	-	5,847,236
Deferred Revenue, net of current portion	281,721	-	-	-	-	-	-	281,721
Due to Related Parties, net of current portion	-	41,201	155,447	-	-	-	(196,648)	-
Deferred Interest	-	-	325,644	-	-	-	-	325,644
Conditional Grant Advances	450,000	2,505,912	3,239,517	471,398	95,788	283,702	-	733,702
Contingent Debt	-	-	-	-	-	2,581,791	(1,071,186)	7,823,220
Total liabilities	1,121,145	3,476,860	4,701,042	1,546,264	1,110,107	5,542,284	(1,676,723)	15,820,979
Entities' Equity (Deficit):								
Without donor restrictions:								
Operating	125,658	(49,273)	12,125	-	-	94,977	38,436	221,923
Development	55,796	826,848	297,696	21,884	(11,445)	1,172,757	(444,101)	1,908,996
Property and equipment	181,434	777,575	309,821	21,884	(11,445)	1,267,734	(405,665)	2,141,358
Total without donor restrictions	362,888	1,653,696	721,642	44,652	(22,890)	3,535,468	(855,331)	5,213,327
With donor restrictions	19,500	777,575	309,821	21,884	(11,445)	1,267,734	(405,665)	19,500
Total Metro West CD's consolidated entities' equity (deficit)	200,954	2,431,271	1,031,463	66,536	(34,335)	4,803,202	(1,260,996)	2,160,858
Non-controlling interest	200,954	777,575	309,821	21,884	(11,445)	1,267,734	309,836	309,836
Total entities' equity (deficit)	\$ 1,322,099	\$ 4,254,435	\$ 5,010,863	\$ 1,568,148	\$ 1,098,662	\$ 6,810,018	\$ (1,772,552)	\$ 18,291,673

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Activities
 For the Year Ended December 31, 2020
 (With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020					2019	
	Metro West CD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	Herring Brook Hill LLC	Eliminations	Total
Operating Revenue and Support Without Donor Restrictions:							
Gross potential residential rental income, net of vacancies	\$ 18,900	\$ 260,259	\$ 399,158	\$ 8,375	\$ 363,049	\$ -	\$ 1,049,741
Contracts	288,206	-	-	-	-	-	288,206
Grants and contributions	229,538	-	-	-	-	-	229,538
Commercial rents	1,000,486	-	50,650	-	-	(50,650)	145,263
Developer overhead and fees	65,591	7,100	3,166	1,589	188	(871,445)	129,041
Program fees and other						(38,326)	39,308
Total operating revenue and support without donor restrictions	1,747,984	267,359	452,974	9,964	363,237	(960,421)	1,881,097
Operating Expenses:							
Program services:							
Housing Programs	329,022	-	-	-	-	-	329,022
Education and Outreach	16,334	-	-	-	-	-	16,334
Asset Management	265,737	-	-	-	-	(221,794)	43,943
Housing Development	277,974	-	-	-	-	-	277,974
Rental Properties	-	227,560	397,957	15,063	351,594	(38,326)	953,848
Total program services	889,067	227,560	397,957	15,063	351,594	(260,120)	1,621,121
General and administration	138,279	-	-	-	-	-	138,279
Total operating expenses before depreciation and amortization	1,027,346	227,560	397,957	15,063	351,594	(260,120)	1,759,400
Depreciation and amortization	14,969	132,255	147,708	-	167,633	(13,002)	449,563
Total operating expenses	1,042,315	359,815	545,665	15,063	519,227	(273,122)	2,208,963
Changes in net assets without donor restrictions from operations	705,669	(92,456)	(92,691)	(5,099)	(155,990)	(687,299)	(327,866)
Other Revenues (Expenses):							
Debt forgiveness	-	187,257	-	-	-	-	187,257
Recovery on note receivable	21,591	-	-	-	-	(21,591)	-
Relocation expenses	-	-	-	-	-	-	(41,701)
Deferred interest	-	-	(55,245)	-	-	-	(55,245)
Total other revenues (expenses)	21,591	187,257	(55,245)	-	-	(21,591)	90,311
Changes in net assets without donor restrictions	727,260	94,801	(147,936)	(5,099)	(155,990)	(708,890)	(195,854)
Changes in Net Assets With Donor Restrictions:							
Grants	109,067	-	-	-	-	-	109,067
Changes in net assets	836,327	94,801	(147,936)	(5,099)	(155,990)	(708,890)	(86,787)
Changes in Net Assets Attributable to Non-Controlling Interest							
Changes in net assets attributable to Metro West CD	\$ 836,327	\$ 94,801	\$ (15)	\$ (5,099)	\$ (155,990)	\$ (708,890)	\$ 61,134
							\$ (184,478)

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Activities
For the Year Ended December 31, 2019

	Metro West CD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	GBW Senior Apartments LLC	Herring Brook Hill LLC	Eliminations	Total
Operating Revenue and Support Without Donor Restrictions:								
Gross potential residential rental income, net of vacancies	\$ 17,324	\$ 253,514	\$ 347,009	\$ 20,100	\$ 1,400	\$ 36,347	\$ -	\$ 675,694
Contracts	108,360	-	-	-	-	-	-	108,360
Grants and contributions	163,511	-	-	-	-	-	-	163,511
Commercial rents	127,168	-	49,175	-	-	-	(49,175)	127,168
Developer overhead and fees	487,118	-	-	-	-	-	(487,118)	-
Program fees and other	82,488	1,067	5,185	-	-	130	(19,891)	68,979
Total operating revenue and support without donor restrictions	985,969	254,581	401,369	20,100	1,400	36,477	(556,184)	1,143,712
Operating Expenses:								
Program services:								
Housing Programs	277,308	-	-	-	-	-	-	277,308
Education and Outreach	37,159	-	-	-	-	-	-	37,159
Asset Management	135,467	-	-	-	-	-	(49,175)	86,292
Housing Development	178,217	-	-	-	-	-	-	178,217
Rental Properties	-	247,674	365,557	11,306	14,916	35,900	(19,891)	655,462
Total program services	628,151	247,674	365,557	11,306	14,916	35,900	(69,066)	1,234,438
General and administration	97,156	-	-	-	-	-	-	97,156
Total operating expenses before depreciation and amortization	725,307	247,674	365,557	11,306	14,916	35,900	(69,066)	1,331,594
Depreciation and amortization	15,359	132,378	147,708	-	-	23,285	(13,002)	305,728
Total operating expenses	740,666	380,052	513,265	11,306	14,916	59,185	(82,068)	1,637,322
Changes in net assets without donor restrictions from operations	245,303	(125,471)	(111,896)	8,794	(13,516)	(22,708)	(474,116)	(493,610)
Other Revenues (Expenses):								
Debt forgiveness	-	187,257	-	-	-	-	-	187,257
Allowance on note receivable	(50,000)	-	-	-	-	-	50,000	-
Relocation expenses	-	-	(41,701)	-	-	-	-	(41,701)
Deferred interest	-	-	(55,245)	-	-	-	-	(55,245)
Total other revenues (expenses)	(50,000)	187,257	(96,946)	-	-	-	50,000	90,311
Changes in net assets without donor restrictions	195,303	61,786	(208,842)	8,794	(13,516)	(22,708)	(424,116)	(403,299)
Changes in Net Assets With Donor Restrictions:								
Grants	10,000	-	-	-	-	-	-	10,000
Changes in net assets	205,303	61,786	(208,842)	8,794	(13,516)	(22,708)	(424,116)	(393,299)
Changes in Net Assets Attributable to Non-Controlling Interest								
Changes in net assets attributable to Metro West CD	\$ 205,303	\$ 61,786	\$ (21)	\$ 8,794	\$ (13,516)	\$ (22,708)	\$ (424,116)	\$ (184,478)

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statements of Changes in Entities' Equity (Deficit)
For the Years Ended December 31, 2020 and 2019

	Metro West CD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	GBW Senior Apartments LLC	Herring Brook Hill LLC	Eliminations	Non- Controlling Interest	Total
Entities' Equity (Deficit), December 31, 2018	\$ (4,349)	\$ 715,789	\$ 518,663	\$ 13,090	\$ 2,071	\$ 1,290,442	\$ (190,370)	\$ 518,657	\$ 2,863,993
Changes in net assets	205,303	61,786	(208,842)	8,794	(13,516)	(22,708)	(215,295)	(208,821)	(393,299)
Entities' Equity (Deficit), December 31, 2019	200,954	777,575	309,821	21,884	(11,445)	1,267,734	(405,665)	309,836	2,470,694
Capital contributions	-	-	-	110	-	-	(100)	(10)	-
Changes in net assets	836,327	94,801	(147,936)	(5,099)	-	(155,990)	(560,969)	(147,921)	(86,787)
Entities' Equity (Deficit), December 31, 2020	\$ 1,037,281	\$ 872,376	\$ 161,885	\$ 16,895	\$ (11,445)	\$ 1,111,744	\$ (966,734)	\$ 161,905	\$ 2,383,907

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2020

	Metro West CD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	GBW Senior Apartments LLC	Herring Brook Hill LLC	Eliminations	Total
Cash Flows from Operating Activities:								
Changes in net assets	\$ 836,327	\$ 94,801	\$ (147,936)	\$ (5,099)	\$ -	\$ (155,990)	\$ (708,890)	\$ (86,787)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:								
Depreciation and amortization	14,969	132,255	147,708	-	-	167,633	(13,002)	449,563
Interest - amortization of debt issuance costs	2,585	6,822	4,840	6,596	-	7,228	(171,144)	8,415
Bad debt	178,389	(187,257)	-	-	-	-	-	27,891
Debt forgiveness	(21,591)	-	55,245	-	-	-	21,591	(187,257)
Recovery on notes receivable	-	-	-	-	-	-	-	55,245
Deferred interest	(95,845)	-	-	-	-	-	-	(95,845)
Changes in operating assets and liabilities:								
Contracts receivable	12,928	(10,481)	(769)	1,665	-	(367)	-	2,976
Program service and rent receivable, net	(413,246)	10,525	11,613	-	-	18,000	373,108	-
Due to (from) related parties	(5,715)	(322)	(581)	(1,600)	37,295	(4,598)	-	(11,216)
Prepaid expenses	(5,884)	7,121	770	(1,600)	-	5,457	-	43,159
Accounts payable and accrued expenses	183,074	-	-	1,562	37,295	-	-	183,074
Deferred revenue	683,406	56,049	70,890	1,562	37,295	38,353	(498,337)	389,218
Net cash provided by operating activities								
	(267,882)	-	-	-	-	-	267,882	-
Issuance of notes receivable	75,591	-	-	-	-	-	(75,591)	-
Repayment of note receivable	(5,799)	-	-	-	-	-	-	(5,799)
Investment in property held for sale	(24,836)	(34,565)	-	(4,054,516)	(233,292)	(286,566)	871,445	550,314
Acquisition of property and equipment	(222,926)	(34,565)	-	(4,054,516)	(233,292)	(286,566)	1,063,736	(4,312,644)
Acquisition of construction in process								(3,768,129)
Net cash used in investing activities								
	(89,213)	(30,869)	(27,414)	(992,541)	-	(15,130)	-	(1,155,167)
Payments on mortgage notes payable	132,000	-	-	2,151,420	107,603	570,089	-	2,961,112
Proceeds from mortgage notes payable	82,117	-	-	-	89,280	175,147	-	82,117
Paycheck Protection Program Loan proceeds	-	-	-	2,455,411	-	(75,591)	(267,882)	2,451,956
Proceeds on contingent debt	-	-	-	-	-	(327,197)	(373,108)	-
Payment of contingent debt	124,904	(30,869)	(27,414)	4,314,595	196,883	327,318	(565,399)	4,340,018
Due to (from) related parties	585,384	(9,385)	43,476	261,641	886	79,105	-	961,107
Net cash provided by (used in) financing activities								
	335,004	261,315	375,888	13	624	165,536	-	1,138,380
Cash and Restricted Cash:								
Beginning of year	\$ 920,388	\$ 251,930	\$ 419,364	\$ 261,654	\$ 1,510	\$ 244,641	\$ -	\$ 2,099,487
End of year	\$ 795,388	\$ 14,804	\$ 80,135	\$ -	\$ -	\$ 90,602	\$ -	\$ 980,929
Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:								
Cash - operating	125,000	237,126	399,229	7,125	1,510	154,039	-	296,039
Cash - construction	\$ 920,388	\$ 251,930	\$ 419,364	\$ 261,654	\$ 1,510	\$ 244,641	\$ -	\$ 2,099,487
Reserves	\$ 5,485	\$ 36,492	\$ 38,428	\$ 20	\$ -	\$ 148,657	\$ -	\$ 229,082
Total cash and restricted cash	\$ -	\$ -	\$ -	\$ 3,072,377	\$ 110,557	\$ -	\$ -	\$ 3,182,934
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable - development	\$ -	\$ 187,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,257
Non-Cash Transactions:								
Debt forgiveness on contingent debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2019

	Metro West CD	1060 Belmont, Inc.	St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	GBW Senior Apartments LLC	Herring Brook Hill LLC	Eliminations	Total
Cash Flows from Operating Activities:								
Changes in net assets	\$ 205,303	\$ 61,786	\$ (208,842)	\$ 8,794	\$ (13,516)	\$ (22,708)	\$ (424,116)	\$ (393,299)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation and amortization	15,359	132,376	147,708	-	-	23,285	(13,002)	305,726
Interest - amortization of debt issuance costs	-	2,585	4,840	-	-	241	-	7,666
Bad debt	6,353	5,851	-	-	-	-	-	11,704
Debt forgiveness	-	(187,257)	-	-	-	-	-	(187,257)
Allowance on notes receivable	50,000	-	55,245	-	-	-	(50,000)	-
Deferred interest	-	-	-	-	-	-	-	55,245
Changes in operating assets and liabilities:								
Program service and rent receivable, net	39,436	(10,469)	-	(1,665)	1,200	(7,335)	-	21,167
Due to (from) related parties	(273,742)	16,025	14,491	458	2,358	10,948	243,226	-
Prepaid expenses	2,013	743	1,404	-	-	19,532	-	15,566
Accounts payable and accrued expenses	(46,462)	1,306	1,734	-	-	-	-	(21,532)
Deferred revenue	(70,714)	-	-	-	-	-	-	(70,714)
Net cash provided by (used in) operating activities	(72,454)	22,446	16,580	7,587	(9,958)	23,963	(243,892)	(255,728)
Cash Flows from Investing Activities:								
Issuance of note receivable	(271,186)	-	-	-	-	-	271,186	-
Investment in property held for sale	(18,650)	-	-	-	-	-	-	(18,650)
Acquisition of property and equipment	(6,500)	-	(24,301)	-	-	(4,893,329)	487,118	(4,437,012)
Acquisition of construction in process	-	-	-	(337,703)	(118,658)	-	-	(456,361)
Net cash used in investing activities	(296,336)	-	(24,301)	(337,703)	(118,658)	(4,893,329)	758,304	(4,912,023)
Cash Flows from Financing Activities:								
Net payments on mortgage notes payable	(4,899)	(23,892)	(26,382)	-	-	-	-	(55,173)
Proceeds from mortgage notes payable	-	-	-	200,635	86,980	2,054,911	-	2,342,526
Proceeds on contingent debt	-	-	-	71,398	95,788	2,413,126	(271,186)	2,309,126
Proceeds from conditional grant advances	450,000	-	-	-	-	283,702	-	733,702
Cash paid for financing fees	-	-	-	-	-	(34,642)	-	(34,642)
Due to (from) related parties	-	-	-	54,425	(71,014)	259,815	(243,226)	-
Net cash provided by (used in) financing activities	445,101	(23,892)	(26,382)	326,458	111,754	4,976,912	(514,412)	5,295,539
Net Change in Cash and Restricted Cash - Operating	76,311	(1,446)	(34,103)	(3,658)	(16,862)	107,546	-	127,788
Cash and Restricted Cash - Operating:								
Beginning of year	258,693	262,761	409,991	3,671	17,486	57,990	-	1,010,592
End of year	\$ 335,004	\$ 261,315	\$ 375,888	\$ 13	\$ 624	\$ 165,536	\$ -	\$ 1,138,380
Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:								
Cash	\$ 210,004	\$ 14,515	\$ 48,987	\$ 13	\$ 624	\$ 106,996	\$ -	\$ 381,139
Reserves	125,000	246,800	326,901	-	-	58,540	-	757,241
Total cash and restricted cash	\$ 335,004	\$ 261,315	\$ 375,888	\$ 13	\$ 624	\$ 165,536	\$ -	\$ 1,138,380
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest	\$ 4,354	\$ 46,967	\$ 39,460	\$ -	\$ -	\$ -	\$ -	\$ 90,781
Accounts payable - development	\$ -	\$ -	\$ -	\$ 80,725	\$ 22,145	\$ 309,552	\$ -	\$ 412,422
Non-Cash Transactions:								
Debt forgiveness on contingent debt	\$ -	\$ 187,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,257
Construction and process transferred to property and equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,787,837	\$ -	\$ 1,787,837

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020										2019	
	Metro West CD					Rental Properties						
	Program Services			General and Administration		Total Metro West CD	1060 Belmont, Inc.			Eliminations		Total
Housing Programs	Education and Outreach	Asset Management	Housing Development	Total Program Services			St. Joseph Hall Apartments LLC	Glen Brook Way Apartments LLC	Herring Brook Hill LLC		Total	Total
Personnel and related:												
Salaries	\$ 199,720	\$ 1,029	\$ 23,494	\$ 168,221	\$ 392,464	\$ 37,839	\$ 56,939	\$ -	\$ 42,887	\$ -	\$ 555,581	\$ 476,045
Contract labor	32,338	6,362	6,362	25,713	70,775	31,383	-	-	-	-	102,158	53,680
Payroll taxes and fringe benefits	22,768	927	2,702	18,386	44,783	7,281	15,981	-	5,333	-	79,449	79,449
Total personnel and related	254,826	8,318	32,558	212,320	508,022	76,503	72,920	-	48,220	-	737,458	609,174
Occupancy:												
Interest	-	-	-	4,903	4,903	582	38,428	20	148,657	-	229,082	109,914
Maintenance	289	32	32	3,531	3,884	252	72,302	354	25,764	-	156,914	103,179
Utilities	-	-	-	22	22	-	50,084	501	48,242	-	128,864	112,349
Rent	35,004	3,889	3,889	23,336	66,118	11,668	-	-	-	-	77,786	46,928
Property insurance	3,738	415	420	2,682	7,255	1,246	25,078	7,573	18,190	-	61,902	46,325
Taxes	-	-	-	2,765	2,765	-	38,016	-	-	-	60,389	64,519
Condo fees	-	-	-	1,560	1,560	-	27,902	-	-	-	29,462	24,780
Total occupancy	39,031	4,336	4,341	38,799	86,507	13,748	251,810	8,448	240,853	-	744,399	507,994
Other:												
Professional fees	20,575	2,153	1,653	17,152	41,533	18,635	16,822	-	5,067	-	91,524	78,893
Property management fee	-	-	-	-	-	-	21,302	-	20,510	-	55,241	33,370
Office and other	6,417	163	207	1,503	8,290	11,958	6,433	-	7,613	-	38,948	38,549
Bad debt	-	-	172,783	4,720	177,503	886	882	6,596	7,228	(171,144)	27,891	11,704
Miscellaneous	1,388	983	3,264	1,179	6,814	4,844	3,638	19	3,113	-	25,091	16,823
Supplies	5,785	381	281	2,301	8,748	4,524	5,266	-	-	-	22,252	24,423
Interest - amortization of debt issuance costs	-	-	-	-	-	-	4,840	-	990	-	8,415	7,664
Asset management fees	1,000	-	-	-	1,000	7,181	14,926	-	18,000	(38,326)	8,181	-
Commercial rent	-	-	50,650	-	50,650	-	-	-	-	-	(50,650)	-
In-kind	-	-	-	-	-	-	-	-	-	-	-	3,000
Total other	35,165	3,680	228,838	26,855	294,538	48,028	73,227	6,615	62,521	(260,120)	277,543	214,426
Total operating expenses before depreciation and amortization	329,022	16,334	265,737	277,974	889,067	138,279	397,957	15,063	351,594	(260,120)	1,759,400	1,331,594
Depreciation and amortization	2,108	234	234	11,690	14,266	703	147,708	-	167,653	(13,002)	449,563	305,728
Total operating expenses	\$ 331,130	\$ 16,568	\$ 265,971	\$ 289,664	\$ 903,333	\$ 138,982	\$ 545,665	\$ 15,063	\$ 519,227	\$ (273,122)	\$ 2,208,963	\$ 1,637,322

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2019

	MetroWest CD					Rental Properties					Total		
	Program Services			General and Administration	Total Metro West CD	Rental Properties			Eliminations				
	Housing Programs	Education and Outreach	Asset Management			Housing Development	Total Program Services	1060 Belmont, Inc.		St. Joseph Hall Apartments LLC		Glen Brook Way Apartments LLC	GBW Senior Apartments LLC
Operating Expenses:													
Personnel and related:													
Salaries	\$ 162,420	\$ 24,649	\$ 66,901	\$ 95,175	\$ 349,145	\$ 38,276	\$ 387,421	\$ 28,754	\$ 55,509	\$ -	\$ 4,361	\$ -	\$ 476,045
Contract labor	24,135	2,682	2,682	16,090	45,589	8,091	53,680	-	-	-	-	-	53,680
Payroll taxes and fringe benefits	21,697	2,914	6,406	13,369	44,386	12,031	56,417	7,297	15,289	-	446	-	79,449
Total personnel and related	208,252	30,245	75,989	124,634	439,120	58,398	497,518	36,051	70,798	-	4,807	-	609,174
Occupancy:													
Interest	-	-	-	4,354	4,354	-	4,354	46,967	39,460	-	19,133	-	109,914
Maintenance	1,164	129	129	3,052	4,474	388	4,862	49,754	46,907	(1,018)	2,674	-	103,179
Utilities	-	-	-	96	96	-	96	37,790	55,410	584	5,273	-	112,349
Rent	23,363	2,575	2,575	15,450	43,963	2,965	46,928	-	-	-	-	-	46,928
Property insurance	4,253	473	473	3,174	8,373	1,308	9,681	10,005	24,654	483	1,502	-	46,325
Taxes	-	-	-	2,629	2,629	-	2,629	12,395	36,518	11,257	-	-	64,519
Condo fees	-	-	-	1,560	1,560	-	1,560	-	23,220	-	-	-	24,780
Total occupancy	28,780	3,177	3,177	30,315	65,449	4,661	70,110	156,911	226,169	11,306	28,582	-	507,994
Other:													
Professional fees	17,439	1,056	2,032	8,404	28,931	24,698	53,629	8,976	16,288	-	-	-	78,893
Property management fee	-	-	-	-	-	-	-	13,069	18,602	-	1,699	-	33,370
Office and other	10,934	1,490	764	7,741	20,929	5,400	26,329	4,546	7,674	-	-	-	38,549
Bad debt	5,000	-	-	1,353	6,353	-	6,353	5,351	-	-	-	-	11,704
Miscellaneous	1,383	357	57	1,377	3,174	817	3,991	11,501	975	-	356	-	16,823
Supplies	5,520	834	1,273	4,393	12,020	3,182	15,202	3,286	5,720	-	215	-	24,423
Interest - amortization of debt issuance costs	-	-	-	-	-	-	-	2,583	4,840	-	241	-	7,664
Asset management fees	-	-	-	-	-	-	-	5,400	14,491	-	-	(19,891)	-
Commercial rent	-	-	-	-	-	-	-	-	-	-	-	(49,175)	-
In-kind	-	-	-	-	-	-	-	-	-	-	-	-	3,000
Total other	40,276	3,737	56,301	23,268	123,582	34,097	157,679	54,712	68,590	-	2,511	(69,066)	214,426
Total operating expenses before depreciation and amortization	277,308	37,159	135,467	178,217	628,151	97,156	725,307	247,674	365,557	11,306	35,900	(69,066)	1,331,594
Depreciation and amortization	2,467	262	262	11,582	14,573	786	15,359	132,378	147,708	-	23,285	(13,002)	305,728
Total operating expenses	\$ 279,775	\$ 37,421	\$ 135,729	\$ 189,799	\$ 642,724	\$ 97,942	\$ 740,666	\$ 380,052	\$ 513,265	\$ 11,306	\$ 59,185	\$ (82,068)	\$ 1,637,322

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

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Operations

Metro West Collaborative Development, Inc. (Metro West CD) was formed in 1991 to address the shrinking supply of affordable housing in our community. Metro West CD has a twenty-three-town target area including: Bedford, Belmont, Bolton, Boxborough, Brookline, Concord, Framingham, Hudson, Lexington, Lincoln, Littleton, Medway, Natick, Needham, Newton, Norwell, Stow, Sudbury, Waltham, Watertown, Wayland, Wellesley, and Weston, Massachusetts. This list may be modified from time to time by the Board of Directors to respond to unique community needs or opportunities. The mission of Metro West CD is to organize residents, mobilize resources, and identify ideas that improve the quality of life for residents of Metro West communities.

We accomplish this by:

- 1) Creating and preserving affordable homes;
- 2) Supporting economic development that strengthens neighborhoods, towns and our region; and
- 3) Building alliances with partners and constituencies throughout the region in order to increase awareness and build support for community development.

The accompanying consolidating financial statements also include the following subsidiaries:

1060 Belmont, Inc.

1060 Belmont, Inc. (1060 Belmont) is a nonprofit organization established in March 2010 to own, develop, manage, and lease eighteen residential units of affordable housing in Watertown, Massachusetts (the Property). Metro West CD appoints 1060 Belmont's Board of Directors.

St. Joseph Hall Apartments LLC

St. Joseph Hall Apartments LLC (SJHA) is a Massachusetts limited liability company which was organized on May 22, 2013, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of twenty-five units of elderly rental housing and two commercial units located in Watertown, Massachusetts (St. Joseph Hall).

SJH, LLC

SJH, LLC is a Massachusetts limited liability company. SJH, LLC has a 0.01% interest in the capital, income, losses, credits, and cash flow of SJHA as its managing member. Metro West CD holds a 79% interest in SJH, LLC.

Glen Brook Way Apartments LLC

Glen Brook Way Apartments LLC (Glen Brook Way Apartments) is a Massachusetts limited liability company which was organized on May 22, 2017, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of forty-eight units of low-income housing located in Medway, Massachusetts (Glen Brook Way Phase I) (see Notes 3, 11 and 12). Glen Brook Way Apartments is a single member LLC wholly owned by Metro West CD. Subsequent to year end, Massachusetts Housing Equity Fund XXV LLC (MHEF) was admitted as an investor member with 99.99% share in the capital, income, losses and cash flows of Glen Brook Way Apartments. MHEF committed a total of \$8,998,200 in capital contributions to Glen Brook Way Apartments, of which \$1,799,640 has been made during 2020 as a loan, which converted to equity in 2021 (see Note 7).

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Operations (Continued)

GBW Senior Apartments LLC

GBW Senior Apartments LLC (GBW Senior Apartments) is a Massachusetts limited liability company which was organized on July 27, 2018, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of forty-four units of senior low-income housing located in Medway, Massachusetts (Glen Brook Way Phase II) (see Notes 3, 11 and 12). GBW Senior Apartments is a single member LLC wholly owned by Metro West CD.

Herring Brook Hill LLC

Herring Brook Hill LLC (Herring Brook Hill) is a Massachusetts limited liability company which was organized on May 30, 2018, for the purpose of acquiring, owning, renovating, maintaining, and operating a property consisting of eighteen units of elderly rental housing located in Norwell, Massachusetts (Norwell Project) (see Note 11). Herring Book Hill is a single member LLC wholly owned by Metro West CD.

Nonprofit Status

Metro West CD and 1060 Belmont are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Metro West CD and 1060 Belmont are also exempt from state income taxes. Donors may deduct contributions made to Metro West CD and 1060 Belmont within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Metro West CD and its Subsidiaries (collectively, the Organization) prepare their consolidating financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Consolidation

The consolidating financial statements include the accounts of Metro West CD, 1060 Belmont, SJHA, SJH, LLC (Managing Member of SJHA), Glen Brook Way Apartments, GBW Senior Apartments, and Herring Brook Hill. All significant balances between classes of net assets, intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements.

The accompanying consolidating financial statements do not include the non-controlling interest in SJH, LLC, since the amount is not material to the accompanying consolidating financial statements.

Cash and Cash Equivalents and Concentration of Credit Risk

The Organization considers all checking, money market, and savings accounts, and certificates of deposit with an initial maturity of three months or less to be cash and cash equivalents. Those highly liquid resources that are generally not available for current operations or otherwise restricted are classified as restricted deposits (see Note 10). For the purpose of the consolidating statements of cash flows, cash and reserves include cash and cash equivalents and restricted deposits with an initial maturity of three months or less.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Concentration of Credit Risk (Continued)

The Organization maintains its cash balances in high credit quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures balances at each financial institution up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Organization has not experienced any losses in such accounts. The Organization periodically assesses the financial condition of these financial institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Fair Value Measurements

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

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

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding (see Note 6) using the straight-line method, which approximates the effective interest method.

Revenue Recognition

The Organization generally measures revenue for qualifying exchange transactions based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Organization evaluates its revenue contracts with customers (i.e. developer fee and service fee contracts) based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Organization has several contracts to provide affirmative marketing, compliance monitoring and other housing services, as outlined in the respective contracts. These agreements, which are reciprocal transactions, are accounted for under the guidance of Topic 606. Generally, the transaction price is defined in the agreements and is based on fixed rates for satisfying the various performance obligations outlined in the contracts. The Organization recognizes revenue under these contracts over time as the related services are provided or upon completion of certain milestones, as defined in the agreements. Payments received in advance of revenue earned results in a contract liability. At December 31, 2020 and 2019, there were no contract liabilities relating to these agreements.

During 2020, the Organization was awarded contracts to provide emergency rental assistance to eligible tenants who struggled to pay rent during COVID-19 pandemic. The Organization received \$1,868,929 from local governments and passed it to the tenants to assist with rental payments. The revenue received was netted with the expense in the accompanying consolidating financial statements. The Organization earned an administrative fee to provide these services in the amount of \$172,300, which is included in contracts in the accompanying consolidating statement of activities for the year ended December 31, 2020. The transaction price is specified in the contracts and is based on the number of applicants enrolled. The Organization recognizes revenue under these contracts over time as the related services are provided.

Program fees represent charges to individuals using the Organization's services as well as fees with related parties (see Note 11). Services are generally provided on an annual basis subject to separate agreements that renew annually at the election of the parties or under aspects of operating agreements that govern the operations of certain affiliates. Such service is considered a single performance obligation and is satisfied evenly over the year.

Developer fees are earned by the Organization in its role as sponsor and developer of its affiliates' (see Note 11) projects. Developer fees are generally earned under written developer agreements executed with the affiliates that detail the rights and responsibilities of both parties under each project development agreement. The agreements define the scope of activities to be provided by the Organization and generally include supervising and coordinating project projections, overseeing the construction and/or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under the agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. The Organization determined the services within the agreement are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project.

Developer agreements define the fixed compensation to which the Organization is expected to be entitled and a schedule of payments to be made from project development sources or from net cash flow from project operations.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The performance obligations under developer agreements are satisfied over time as the Organization's performance creates or enhances a real estate asset that the affiliate controls. Accordingly, the Organization recognizes revenue from developer agreements over time, as the services are rendered, based on an input method of developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some are not recognized until received or when collection is assured. See Notes 3 and 11 for required disclosures related to these developer agreements.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 12).

For contributions that have been recognized prior to adoption of Topic 958, the standard is not required to be retrospectively applied. Prior to the adoption of Topic 958, effective for calendar year 2019, the Organization had received certain awards for real estate development projects. For those awards, the Organization had assessed the probability of non-compliance with affordability covenants related to such projects as low or remote, and accordingly, recorded such awards as unconditional contribution revenues upon receipt and reported any potential remaining right of return as contingencies (see Note 12).

Metro West CD was awarded \$60,000 and \$56,000 of Community Investment Tax Credits (CITC) from the Department of Housing and Community Development (DHCD) in 2020 and 2019, respectively, to disburse to donors contributing gifts of \$1,000 or more. As of December 31, 2020 and 2019, \$39,811 and \$39,355 of unclaimed credits were available to roll over into 2021 and 2020, respectively. Metro West CD became a United Way CITC Community Partner which allows Metro West CD to pledge up to 50% of its DHCD awarded allocation to their regional fundraising efforts thereby increasing the likelihood that Metro West CD will be able to meet its disbursement goals.

Funds received in advance of the fiscal year in which the initiatives will take place, if any, are recorded as deferred revenue.

Rental income is recognized pro-rata over the life of the related leases and shown net of related vacancies. Residential leases are signed for a one-year term with annual renewals. Commercial leases with terms beyond one year are included in Note 4. All other revenue is recognized as earned.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of consolidating financial statements in conformity with U.S. GAAP 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 consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying consolidating statements of activities.

Receivables and Allowance for Doubtful Accounts

Contracts receivables are stated as unpaid balances at amounts which are expected to be collected. Contracts receivables reflect the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from other organizations and local governments.

Program service and rent receivable, net is stated as unpaid balances less allowances for doubtful accounts. Program service receivables relate to the grants and contracts, where the services provided by the Organization are considered nonreciprocal transactions because the Organization's customers receive the benefit as a result of the assets transferred. The Organization provides for losses on these receivables using the allowance method. The allowance is based on experience, payment terms, and other circumstances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. The Organization recorded an allowance for doubtful accounts of approximately \$3,000 and \$5,000 as of December 31, 2020 and 2019, respectively, not inclusive of related party allowances (see Note 11).

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

Operating - These represent net assets which are available for operations and bear no external restrictions.

Development - Those assets and liabilities related to the Organization's projects under development that are long-term in nature and are not expected to be liquid or otherwise available for operations for at least one year from the date of the accompanying consolidating statements of financial position.

Property and Equipment - Amounts expended and resources available for property and equipment, financing costs and reserves, net of related debt.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions include those net resources not yet spent in accordance with donor designations. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes. All net assets with donor restrictions are purpose restricted as of December 31, 2020 and 2019.

Non-Controlling Interest

Non-controlling interest represents the non-controlling interest in SJHA (see Note 11) that is owned by an unrelated investor.

Subsequent Events

Subsequent events have been evaluated through May 27, 2021, which is the date the consolidating financial statements were available to be issued. There were several events that met the criteria for disclosure in the consolidating financial statements (see Notes 1, 3 and 8).

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at fair market value at the date of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

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

	<u>Estimated Useful Lives</u>
Buildings	40 years
Building and leasehold improvements	7 - 40 years
Furniture, fixtures and equipment	5 - 10 years

Depreciation expense was \$441,356 and \$297,521 for the years ended December 31, 2020 and 2019, respectively. Depreciation expense for 2020 and 2019 includes approximately \$5,500 and \$5,200, respectively, of depreciation related to property held for sale (see Note 5).

During 2020, Metro West CD began exploring a feasibility of a potential development project. Expenses incurred in connection with this project have been capitalized and are shown in the construction in process and predevelopment costs in the accompanying consolidating statement of financial position as of December 31, 2020.

During 2019, SJHA began a capital project to replace an elevator. As of December 31, 2020 and 2019, construction in process consisted of emergency repairs and consulting on the capital project. The project was anticipated to be completed during fall 2020 but has been delayed by the COVID-19 pandemic.

The Organization accounts for carrying value of its long-lived assets in accordance with the requirements of ASC Topic, *Property, Plant and Equipment* under U.S. GAAP. As of December 31, 2020 and 2019, the Organization has not recognized any reduction in the carrying value of its buildings and equipment in consideration of the requirement.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalized Costs and Amortization

Capitalized costs are being amortized over the related commitment term (see Note 9).

Expense Allocation

The consolidating financial statements present expenses by functional classification in accordance with the overall service mission of the Organization. Each functional classification displays all expenses related to the underlying operations by natural classification. The consolidating financial statements report certain categories of expenses that are attributable to more than one program or supporting function and require an allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and fringe benefits, depreciation, rent, insurance, and other costs, which are allocated based on estimates of time and effort spent on each program or support function. All other expenses are charged on a direct basis to specific programs or functions.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2020 and 2019.

SJHA is taxed as a partnership. No income tax provision has been included in the consolidating financial statements for SJHA, as the income, loss and credits are reported by the partners on their respective income tax returns.

3. DEVELOPMENT

Glen Brook Way Phase I

Metro West CD purchased two parcels of land in Medway, Massachusetts with the purpose to create forty-eight family rental apartments (Glen Brook Way Phase 1) (see Note 1). A Comprehensive Permit was approved in the summer of 2017, and the project received an allocation of Low-Income Housing Tax Credits (LIHTC) and other Commonwealth of Massachusetts, DHCD subsidy programs in March 2020. Construction began in August 2020. Lease-up is expected to begin in October 2021.

Glen Brook Way Phase II

During 2018, Metro West CD purchased two additional properties in Medway, Massachusetts with the purpose of developing forty-four rental apartments for seniors (Glen Brook Way Phase II). The comprehensive permit for Glen Brook Way Phase I was modified in 2018 to include the additional sites. GBW Senior Apartments submitted a One Stop application for LIHTC and other Commonwealth of Massachusetts, DHCD subsidy programs in January 2021. Construction is expected to begin in the spring of 2022.

Hudson Development

Subsequent to year end, Metro West CD was designated as the developer of a town-owned site in Hudson, Massachusetts. Metro West CD will work with the Town of Hudson to design, permit, finance and construct approximately 40 units of affordable housing on the property. This housing will be owned and operated by a subsidiary of Metro West CD.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. DEVELOPMENT (Continued)

Developer and Other Service Fees

The Organization, in its role as sponsor and developer, earns developer fees from each project undergoing rehabilitation. The Organization earned developer fees totaling \$1,000,486 and \$487,118 during the years ended December 31, 2020 and 2019, respectively, which are reflected as developer overhead and fees in the accompanying consolidating statements of activities. Included in 2019 fees are \$445,834 of developer fees related to the Herring Brook Hill project which has since placed in service and is no longer in development.

<u>Project</u>	<u>Total Contract</u>	<u>Recognized During 2019</u>	<u>Recognized During 2020</u>	<u>Remaining Contract Balance</u>
Glen Brook Way Phase I	\$ 1,780,000	\$ 34,906	\$ 1,000,486	\$ 744,608
Glen Brook Way Phase II	\$ 1,834,000	<u>6,378</u>	<u>-</u>	<u>1,827,622</u>
		<u>\$ 41,284</u>	<u>\$ 1,000,486</u>	<u>\$ 2,572,230</u>

4. LEASE COMMITMENTS

Metro West CD leases an office space under an agreement that expires in August 2024. Metro West CD is responsible for utilities, property taxes, and routine maintenance.

Metro West CD has a Master Lease agreement with SJHA (Notes 10 and 11) to sublease a commercial space to an unrelated company. The Master Lease agreement expires in 2038 and has an annual increase of 3%.

Future minimum lease payments are as follows:

2021	\$ 132,519
2022	136,167
2023	139,863
2024	114,295
2025	58,717
Thereafter	<u>944,547</u>
	<u>\$ 1,526,108</u>

Metro West CD subleases a commercial space it leases from SJHA (see above) to an unrelated company, with monthly rental payments of approximately \$3,000 as of December 31, 2020 and 2019. The sublease term was for two years and was since extended twice for a five-year term, ending in June 2025. Total rental income under this agreement for the years ended December 31, 2020 and 2019, was \$42,606 and \$41,453, respectively, and is included in commercial rents in the accompanying consolidating statements of activities. Based on this agreement, the rental income will average approximately \$42,000 for the next four years and will be approximately \$22,000 in the last year of the lease.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

4. LEASE COMMITMENTS (Continued)

Metro West CD leased space on the roof of St. Joseph Hall to a cell phone company for placement of its equipment. The lease had commenced in July 1999, with an initial term of five years and has automatic renewal for four additional terms of five years each until July 2023. Metro West CD sold the lease and provided an easement to use the space on the roof to a third party. As part of the sale, Metro West CD recognized \$725,000 in deferred revenue, which is being recognized over the life of the former lease term with the cell phone company. Metro West CD recognized \$102,657 and \$85,714 of revenue in 2020 and 2019, respectively, which is included in commercial rents in the accompanying consolidating statements of activities. The remaining deferred balance on the sale as of December 31, 2020 and 2019, was \$265,200 and \$367,857, respectively, and is included in deferred revenue in the accompanying consolidating statements of financial position.

5. PROPERTY HELD FOR SALE/REFUNDABLE GRANT

Metro West CD purchased an affordable condominium unit (the Project) during 2009 for \$172,848, with the goal to resell it. Due to several years of a weak housing market, the Project has not been sold and is currently being rented to a tenant under an annual lease agreement. All notes/mortgages associated with the Project will be paid off with the proceeds from the sale. As of December 31, 2020 and 2019, the Project and associated improvement and closing costs, net of accumulated depreciation (\$36,445 and \$30,963 as of December 31, 2020 and 2019, respectively), are shown as property held for sale in the accompanying consolidating statements of financial position. In connection with this purchase, Metro West CD received a refundable grant totaling \$59,300 from the Town of Watertown (the Town). This refundable grant is due to be repaid upon the eventual sale of the Project. Metro West CD also financed this acquisition with a note payable to a bank (see Note 6). Metro West CD began depreciating the Project in 2014, because it is not anticipated to be sold in the near future and is currently in use.

6. MORTGAGE NOTES PAYABLE

Mortgage notes payable consist of the following at December 31:

Metro West Collaborative Development, Inc.	<u>2020</u>	<u>2019</u>
3.75% note payable to Watertown Savings Bank (WSB) in the original amount of \$132,000. Payments on the note are due in monthly principal and interest installments of \$611 through the date of maturity, February 2050. The note is secured by a first mortgage on the property located at 28 Quimby Street, Watertown, Massachusetts (see Note 5).	\$ 129,779	\$ -
4.67% note payable to Belmont Savings Bank, due in monthly principal and interest installments of \$578 through December 2019. A balloon payment of approximately \$89,000 was due in December 2019. The note was paid in full in February 2020 with the proceeds of new note payable to WSB (see above). The note was secured by a first mortgage on the property located at 28 Quimby Street, Watertown, Massachusetts (see Note 5).	-	86,992

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

6. MORTGAGE NOTES PAYABLE (Continued)

1060 Belmont, Inc.	<u>2020</u>	<u>2019</u>
<p>4% note payable to WSB, due in monthly principal and interest installments of \$5,614 through December 2039. This note was amended in January 2020, extending the maturity date and eliminating the balloon payment. During 2019, the interest rate was 5%, monthly principal and interest payments were \$5,905, and the maturity date was February 2031. The note is secured by a first mortgage on the Property.</p>	895,480	926,350
St. Joseph Hall Apartments LLC		
<p>3.76% mortgage note payable with Dominican Sister of Peace, Inc. Principal and interest are due in monthly installments of \$3,339 through April 1, 2030, at which time a balloon payment of approximately \$384,000 will be due. Interest expense for this note was \$22,383 and \$23,034 for 2020 and 2019, respectively. This note is secured by a second mortgage on St. Joseph Hall.</p>	585,654	603,333
<p>4% mortgage note payable with Massachusetts Development Finance Agency (MDFA) and WSB related to the issuance of \$450,000 of MDFA Multifamily Housing Revenue Bonds St. Joseph Hall Issue, Series 2013B. Principal and interest are due in monthly installments of \$2,148 through November 1, 2034, at which time a balloon payment of approximately \$212,000 will be due. Interest expense for 2020 and 2019 was \$16,045 and \$16,426, respectively. This note is secured by a first mortgage on St. Joseph Hall.</p>	395,829	405,564
Glen Brook Way Apartments LLC		
<p>Note payable to Eastern Bank (Construction Loan) that allows for borrowings up to \$12,050,000, with a maturity date of August 2022, and a conditional six-months extension option. At maturity date, a maximum of \$5,025,000 will be assigned to Massachusetts Housing Partnership Fund Board (MHP) and the remaining balance will be paid with the investor capital equity contributions (see Notes 11 and 12). Monthly interest-only payments are paid at a fixed interest rate at the two-year Federal Home Loan Bank of Boston (FHLB) Classic Advance rate plus 200 basis point, with a floor of 3%. Principal is due the earlier of maturity or receipt of bridged tax credits. Capitalized interest was \$18,428 at December 31, 2020. This note was secured by a first mortgage on Glen Brook Way Phase I and an assignment of leases and rents and is guaranteed by Metro West CD.</p>	2,151,420	-

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

6. MORTGAGE NOTES PAYABLE (Continued)

Glen Brook Way Apartments (Continued)	<u>2020</u>	<u>2019</u>
5.75% note payable to BlueHub Loan Fund, Inc. that allowed for borrowings up to \$1,170,000 in connection with the acquisition and predevelopment of Glen Brook Way Phase I. Principal and outstanding interest were due and paid in full during 2020 with the proceeds from the Construction Loan (see page 21). Capitalized interest was \$151,867 and \$111,188 at December 31, 2020 and 2019, respectively. This note was secured by a first mortgage on Glen Brook Way Phase I and an assignment of leases and rents.	-	992,541
GBW Senior Apartments LLC		
3.5% note payable to Community Economic Development Assistance Corporation (CEDAC) used to acquire two properties in Medway, Massachusetts with the goal to develop affordable housing for senior citizens. Interest only is payable quarterly. Principal and any outstanding interest are due at the maturity date (the earlier of the close of construction financing or August 31, 2022). Interest in the amount of \$25,620 and \$22,870 was capitalized at December 31, 2020 and 2019, respectively. The note places an affordable housing restriction on 50% of the units developed on these properties for the next fifty years. This note is secured by a shared first mortgage on the properties and an assignment of leases and rents, and is guaranteed by Metro West CD.	720,000	720,000
7% note payable to CEDAC that allows for borrowings up to \$467,600 in connection with predevelopment of Glen Brook Way Phase II. Principal and any outstanding interest are due at the close of construction financing, which is expected in 2022. Interest in the amount of \$37,213 and \$14,533 was capitalized at December 31, 2020 and 2019, respectively. Accrued interest for this note was \$41,681 and \$4,468 as of December 31, 2020 and 2019, respectively, and is included in accounts payable - development in the accompanying consolidating statements of financial position. This note is secured by a shared first mortgage on the properties and an assignment of leases and rents, and is guaranteed by Metro West CD.	375,309	267,706

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

6. MORTGAGE NOTES PAYABLE (Continued)

Herring Brook Hill LLC	<u>2020</u>	<u>2019</u>
5.95% loan to Eastern Bank with interest due monthly through the conversion date of March 2020. During conversion, Herring Brook Hill received additional proceeds in the amount of \$570,089. Principal and interest in the amount of \$14,888 are due monthly based on a thirty-five-year amortization schedule. The principal and interest are due on September 14, 2038. Interest expense was \$148,657 and \$19,133 for the years ended December 31, 2020 and 2019, respectively. Accrued interest was \$6,686 and \$10,205 as of December 31, 2020 and 2019, respectively, and is included in accounts payable and accrued expenses - operating in the accompanying consolidating statements of financial position. The note is secured by a first mortgage on the property.	<u>2,609,870</u>	<u>2,054,911</u>
	7,863,341	6,057,397
Less - unamortized debt issuance costs for 1060 Belmont, Inc.	27,141	29,726
Less - unamortized debt issuance costs for Herring Brook Hill	33,411	34,401
Less - unamortized debt issuance costs for St. Joseph Hall Apartments LLC	67,360	72,200
Less - current portion	<u>84,907</u>	<u>73,834</u>
Total mortgage notes payable, net	<u>\$ 7,650,522</u>	<u>\$ 5,847,236</u>

The debt issuance costs of \$183,143 as of December 31, 2020 and 2019, are amortized on the straight-line basis over the term of the loans. Amortization of debt issuance costs was \$8,415 and \$7,664 for the years ended December 31, 2020 and 2019, respectively, and is expected to be the similar for the remainder of the term. The accumulated amortization of debt issuance costs for 1060 Belmont as of December 31, 2020 and 2019, was \$24,557 and \$21,972, respectively. The accumulated amortization of debt issuance costs for SJHA as of December 31, 2020 and 2019, was \$29,443 and \$24,603, respectively. The accumulated amortization of debt issuance costs for Herring Brook Hill as of December 31, 2020 and 2019, was \$1,231 and \$241, respectively.

The mortgage notes payable contain various covenants and restrictions on the Organization, as described in the agreements. The Organization was in compliance with these covenants as of December 31, 2020. In 2019, the Organization (except SJHA) was in compliance with certain financial covenants. SJHA has received a waiver from WSB for 2019.

Maturities of mortgage notes payable over the next five years are as follows:

2021	\$ 84,907
2022	\$ 1,184,087
2023	\$ 92,833
2024	\$ 2,248,064
2025	\$ 101,509

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIESNotes to Consolidating Financial Statements
December 31, 2020 and 2019

7. CONTINGENT DEBT

Contingent debt consists of the following at December 31:

1060 Belmont, Inc.	2020	2019
Non-interest bearing note payable to the Commonwealth of Massachusetts, DHCD, under the Tax Credit Exchange Program (TC-X Program). Payments may be due under the note agreement if there is a recapture event pursuant to TC-X Program requirements, as defined in the agreement. The note is secured by a shared second mortgage on the Property. This note is subject to annual debt forgiveness of \$187,257 beginning in 2012, for the next fifteen years, as long as the Property is in compliance with the TC-X Program requirements. The Property was in compliance during 2020 and 2019, and \$187,257 was forgiven in both years. Any amounts outstanding as of December 31, 2020, will be forgiven provided 1060 Belmont is in compliance with the TC-X Program requirements.	\$ 1,123,544	\$ 1,310,801
Non-interest bearing note payable to the Town of Watertown (the Town) under the HOME Investment Partnership Program (HOME Program). This note is due in December 2025, but may be fully forgiven at maturity. No payments are due prior to the maturity date provided the Property is operated as affordable housing. The note is secured by a shared second mortgage on the Property.	760,111	760,111
Non-interest bearing note payable to CEDAC. Annual payments are due if gross receipts exceed 105% of gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2040, and is secured by a shared second mortgage on the Property. There were no payments due at December 31, 2020 and 2019.	435,000	435,000
St. Joseph Hall Apartments LLC		
Non-interest bearing mortgage note payable to Massachusetts Housing Partnership Fund under the Capital Improvement and Preservation Fund Program. This note is due in full on February 20, 2054, and is secured by a shared third mortgage on St. Joseph Hall.	969,296	969,296
Mortgage note payable with the Town under the HOME Program. This note bears simple interest at 4.5%. Outstanding principal and interest are due on March 6, 2032. Deferred interest payable on this note was \$293,504 and \$252,824 as of December 31, 2020 and 2019, respectively. This note is secured by a shared third mortgage on St. Joseph Hall.	903,971	903,971

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIESNotes to Consolidating Financial Statements
December 31, 2020 and 2019**7. CONTINGENT DEBT (Continued)**

St. Joseph Hall Apartments LLC (Continued)	2020	2019
Non-interest bearing mortgage note payable with CEDAC under the Housing Innovations Fund (HIF) program. Payments of principal are due in February of each year to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. There were no payments due as of December 31, 2020 and 2019. Outstanding principal is due on February 20, 2044. This note is secured by a shared third mortgage on St. Joseph Hall.	450,471	450,471
Non-interest bearing mortgage note payable with Metro West CD (FHLBB AHP Loan). Outstanding principal is due on August 19, 2028. This note is secured by a fourth mortgage on St. Joseph Hall. Metro West CD has fully reserved this note and it is being eliminated in the accompanying consolidating statements of financial position.	400,000	400,000
Mortgage note payable with the Town under the Affordable Housing Development Fund program. This note bears simple interest at 4.5%. Outstanding principal and interest are due on August 19, 2033. Deferred interest payable on this note was \$87,385 and \$72,820 as of December 31, 2020 and 2019, respectively. This note is secured by a shared third mortgage on St. Joseph Hall.	323,665	323,665
Non-interest bearing mortgage note payable with CEDAC under the Facilities Consolidation Fund. Payments of principal are due in February of each year to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. There were no payments due as of December 31, 2020 and 2019. Outstanding principal is due on February 20, 2044. This note is secured by a shared third mortgage on St. Joseph Hall.	192,114	192,114
Glen Brook Way LLC		
Non-interest bearing mortgage note payable to MHEF. This note was converted to equity with the admission of MHEF as the Investor Member for Glen Brook Way in January 2021 (see Note 1). This note is secured by a shared third mortgage on Glen Brook Way Phase I and is guaranteed by Metro West CD.	1,799,640	-
Non-interest bearing mortgage note payable for borrowings up to \$650,000 with Metro West CD to develop forty-eight affordable housing units in Medway, Massachusetts on the Glen Brook Way's parcel. This note matures in December 2069. This note is secured by the second mortgage on Glen Brook Way Phase I.	650,000	471,398

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

7. CONTINGENT DEBT (Continued)

Glen Brook Way LLC (Continued)	<u>2020</u>	<u>2019</u>
Non-interest bearing mortgage note payable with CEDAC under HIF program with borrowings up to \$750,000. Payments of principal are due to the extent that gross cash receipts exceed 105% of gross cash expenditures, as defined in the agreement. There were no payments due as of December 31, 2020. Outstanding principal is due in 2051 with an option to extend for another ten years. This note is secured by a shared third mortgage on Glen Brook Way.	477,169	-
GBW Senior Apartments LLC		
Non-interest bearing, unsecured mortgage note payable for borrowings up to \$200,000 with Metro West CD to develop forty-eight affordable housing units in Medway, Massachusetts on the Glen Brook Way's property. This note matures in December 2070.	185,068	95,788
Herring Brook Hill LLC		
Two non-interest bearing notes payable to DHCD under the Housing Stabilization Fund (HSF) that allow for borrowings up to \$1,478,263. Principal is due at maturity on September 14, 2069. These notes are secured by a shared second mortgage on the Property and is guaranteed by Metro West CD.	1,478,263	1,330,437
Non-interest bearing note payable to DHCD under the Affordable Housing Trust Fund (AHTF). Principal is due at maturity on September 14, 2069. During the one-year period prior to the maturity date, the note may be extended for a period of up to the original term. This note is secured by a shared second mortgage on the Property and an assignment of leases and rents, and is guaranteed by Metro West CD.	628,263	628,263
Non-interest bearing note payable to DHCD under the Community-Based Housing Fund program (CBH) that allows borrowings up to \$546,412. Principal is due at maturity on September 14, 2049. The note may be extended for a period of up to ten years. This note is secured by a shared second mortgage on the Property.	546,412	519,091
Non-interest bearing note payable to Metro West CD that allows for borrowings up to \$135,963. Principal is due at maturity on September 14, 2069. This note is unsecured.	28,409	104,000
	11,351,396	8,894,406
Less - eliminations	<u>1,263,477</u>	<u>1,071,186</u>
Total contingent debt, net of eliminations	<u>\$ 10,087,919</u>	<u>\$ 7,823,220</u>

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

8. PAYCHECK PROTECTION PROGRAM LOANS

Metro West CD applied for and was awarded a forgivable loan of \$82,117 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred until the Small Business Administration (SBA) notifies the lender of the amount of the loan that will be forgiven. The balance of note, which is not forgiven, plus interest, will be due in equal monthly payments through the maturity, April 14, 2022. There are no covenants with which to comply, and the note is not secured by any collateral as of December 31, 2020. This loan was forgiven subsequent to the year ended December 31, 2020.

In February 2021, Metro West CD has applied for and was awarded another forgivable PPP loan in the amount of \$91,822 to be used to pay certain payroll costs, including benefits, as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, within ten months of the end of the covered period and the remainder of the funds will be due over a five-year period with interest at 1%. Any repayment will be deferred until the SBA notifies the lender of the amount of the loan that will be forgiven. The balance of note, which is not forgiven, plus interest, will be due in equal monthly payments through the maturity, February 2026.

9. CAPITALIZED COSTS

Capitalized costs consist of the following at December 31:

2020	Metro West CD	1060 Belmont	SJHA	Total
Asset management fee	\$ -	\$ 50,000	\$ -	\$ 50,000
Low-income housing tax credit application fees	-	-	16,296	16,296
Legal fees	<u>32,514</u>	<u>-</u>	<u>-</u>	<u>32,514</u>
	32,514	50,000	16,296	98,810
Less - accumulated amortization	<u>18,940</u>	<u>33,887</u>	<u>7,602</u>	<u>60,429</u>
Capitalized costs, net	<u>\$ 13,574</u>	<u>\$ 16,113</u>	<u>\$ 8,694</u>	<u>\$ 38,381</u>
2019	Metro West CD	1060 Belmont	SJHA	Total
Asset management fee	\$ -	\$ 50,000	\$ -	\$ 50,000
Low-income housing tax credit application fees	-	-	16,296	16,296
Legal fees	<u>32,514</u>	<u>-</u>	<u>-</u>	<u>32,514</u>
	32,514	50,000	16,296	98,810
Less - accumulated amortization	<u>15,152</u>	<u>30,554</u>	<u>6,516</u>	<u>52,222</u>
Capitalized costs, net	<u>\$ 17,362</u>	<u>\$ 19,446</u>	<u>\$ 9,780</u>	<u>\$ 46,588</u>

Amortization for Metro West CD was \$3,788 for the years ended December 31, 2020 and 2019. Amortization expense for 1060 Belmont was \$3,333 for the years ended December 31, 2020 and 2019. Amortization expense for SJHA was \$1,086 for the years ended December 31, 2020 and 2019. Amortization expense for the Organization is expected to be \$8,207 annually until fully amortized.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

10. RESERVES

Reserves consist of the following at December 31, 2020:

	<u>Metro West CD</u>	<u>1060 Belmont</u>	<u>SJHA</u>	<u>Glen Brook Way Apartment LLC</u>	<u>Herring Brook Hill LLC</u>	<u>Total</u>
Operating reserves	\$ -	\$ 171,666	\$ 238,897	\$ -	\$ 147,759	\$ 558,322
Asset management fee reserve	-	5,019	-	-	-	5,019
Capital needs reserve	-	60,441	-	-	-	60,441
Replacement reserve	-	-	100,332	-	6,280	106,612
Interest reserve	-	-	-	7,125	-	7,125
Master lease reserve	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
	<u>\$ 125,000</u>	<u>\$ 237,126</u>	<u>\$ 339,229</u>	<u>\$ 7,125</u>	<u>\$ 154,039</u>	<u>\$ 862,519</u>

Reserves consist of the following at December 31, 2019:

	<u>Metro West CD</u>	<u>1060 Belmont</u>	<u>SJHA</u>	<u>Herring Brook Hill LLC</u>	<u>Total</u>
Operating reserves	\$ -	\$ 171,460	\$ 238,778	\$ 58,540	\$ 468,778
Asset management fee reserve	-	5,017	-	-	5,017
Capital needs reserve	-	70,323	-	-	70,323
Replacement reserve	-	-	88,123	-	88,123
Master lease reserve	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
	<u>\$ 125,000</u>	<u>\$ 246,800</u>	<u>\$ 326,901</u>	<u>\$ 58,540</u>	<u>\$ 757,241</u>

Operating Reserves

Under the provisions of the TC-X Loan agreement, 1060 Belmont is required to maintain an operating reserve to fund future operating deficits. Withdrawals from this reserve require DHCD's approval. 1060 Belmont made no withdrawals from this reserve in 2020 or 2019.

Under the provisions of the operating agreement, SJHA is required to maintain an operating reserve to fund future operating deficits. SJHA is required to maintain a \$300,000 minimum balance in this reserve. The operating reserve was not adequately funded as of December 31, 2020 and 2019.

Under the provisions of the notes payable agreement with Eastern Bank, Herring Brook Hill is required to have an operating reserve account (with the balance equal to the greater of a) six months of operating expenses or b) \$147,713). The operating reserve account had a balance of \$147,759 and \$58,540 as of December 31, 2020 and 2019, respectively.

Asset Management Fee Reserve

1060 Belmont has an asset management fee reserve to fund future asset management services.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

10. RESERVES (Continued)

Capital Needs Reserve

1060 Belmont has a capital needs reserve to fund future capital improvements to the Property. 1060 Belmont is required to deposit a minimum of \$750 monthly into the reserve account. 1060 Belmont withdrew \$21,285 from this reserve during 2020 to pay for certain fixed assets additions made during 2020. 1060 Belmont made no withdrawals from this reserve during 2019.

Replacement Reserve

Under the provisions of SJHA's operating agreement, SJHA is required to establish and maintain a replacement reserve to fund future capital improvements to St. Joseph Hall. The replacement reserve was adequately funded as of December 31, 2020 and 2019. There were no withdrawals made during 2020 and 2019.

Under the provisions of the notes payable agreement with Eastern Bank, Herring Brook Hill is required to have a replacement reserve account. The replacement reserve was adequately funded as of December 31, 2020 and 2019. There were no withdrawals made during 2020.

Master Lease Reserve

Under the provisions of the Master Lease Agreement (see Notes 4 and 11), Metro West CD is required to establish and maintain a reserve to fund future rental payments to SJHA in the event proceeds received from subtenants of the commercial space are insufficient. Deposits are to equal seventy-five percent of the positive difference between the proceeds Metro West CD receives from subtenants of the space and the amount of rent paid by Metro West CD to SJHA. Metro West CD is required to fund this reserve until it reaches a balance of \$125,000. The reserve was fully funded during 2020 and 2019.

11. RELATED PARTY TRANSACTIONS

The Organization's consolidating financial statements include the following entities and related party transactions:

1060 Belmont

1060 Belmont owed Metro West CD \$24,726 and \$19,601 for certain operating expenses as of December 31, 2020 and 2019, respectively. These amounts are included in due to related parties in the accompanying consolidating statements of financial position.

During 2020 and 2019, Metro West CD provided asset management services to 1060 Belmont and received compensation equal to \$300 per unit. Metro West CD earned \$5,400 in asset management fees in 2020 and 2019. As of December 31, 2020 and 2019, \$27,000 and \$21,600, respectively, remained outstanding.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

11. RELATED PARTY TRANSACTIONS (Continued)

St. Joseph Hall Apartments LLC

Metro West CD provided development and construction management services to SJHA during the acquisition and construction of St. Joseph Hall. Under the terms of the developer agreement, Metro West CD has earned a developer fee and overhead of \$525,262, of which \$74,592 and \$77,905 was still outstanding as of December 31, 2020 and 2019, respectively. All outstanding amounts shall be payable no later than December 31, 2023.

SJHA owed Metro West CD \$2,307 for certain operating expenses as of December 31, 2020 and 2019. These amounts are included in due to related parties in the accompanying consolidating statements of financial position.

SJH, LLC provides management services to SJHA for an annual compensation equal to \$500 per unit. The annual management fee increases 3% each year. SJH, LLC earned \$14,926 and \$14,491 in asset management fees for SJHA for the years ended December 31, 2020 and 2019, respectively. SJH, LLC has subcontracted these services to Metro West CD under the same terms it had with SJHA. SJHA owes Metro West CD \$95,781 and \$80,855 as of December 31, 2020 and 2019, respectively, for these services.

Metro West CD used the proceeds from the HOME Program loaned to SJHA by the Town to pay for requisitions on the roof renovation project on behalf of SJHA. Metro West CD still has \$76,072 from the \$237,330 additional loan proceeds, which is being held in anticipation of and approval from Massachusetts Housing Investment Corporation (the asset manager for the Investor Member). As of December 31, 2020 and 2019, this amount is included in due to/from related parties in the accompanying consolidating statements of financial position.

SJHA has a Master Lease agreement with Metro West CD under which Metro West CD leases two commercial spaces from SJHA until 2038 (see Note 4). SJHA received rental revenue for the Master Lease of \$50,650 and \$49,175 for the years ended December 31, 2020 and 2019, respectively.

Metro West CD also has a note payable agreement with SJHA (see Note 7).

Glen Brook Way Apartments LLC

Glen Brook Way Apartments owed Metro West CD \$169,013 for certain costs related to construction, which is included in due from and due to related parties in the accompanying consolidating statements of financial position as of December 31, 2020. There was no amount owed as of December 31, 2019.

Glen Brook Way Apartments and Metro West CD signed a development services agreement, where Metro West CD will manage the development of Glen Brook Way Phase I and earn a developer fee and overhead up to \$1,780,000. Metro West CD was paid \$445,000 of developer overhead upon the closing of construction financing for Glen Brook Way Phase I, which occurred in August 2020. The remainder of the overhead will be paid to Metro West CD in equal monthly installments during construction. As of December 31, 2020, \$1,035,392 of the developer fee has been earned by Metro West CD (see Note 3). Glen Brook Way Apartments owes Metro West CD \$531,392 as of December 31, 2020, which is included in the current portion of due to related parties in the accompanying consolidating statement of financial position. The entire developer fee will be paid upon completion of construction for Glen Brook Way Phase I.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

11. RELATED PARTY TRANSACTIONS (Continued)

Glen Brook Way Apartments LLC (Continued)

Metro West CD also has a note payable agreement with Glen Brook Way Apartments (see Note 7).

GBW Senior Apartments LLC

Metro West CD has a note payable agreement with GBW Senior Apartments (see Note 7).

Herring Brook Hill LLC

Herring Brook Hill owed Metro West CD \$6,197 for certain costs related to predevelopment, which is included in due to related parties in the accompanying consolidating statements of financial position as of December 31, 2019. This amount was paid back during 2020.

Herring Brook Hill and Metro West CD have a development services agreement where Metro West CD managed the development of the Norwell Project. According to the agreement, Metro West CD was paid \$160,500 of developer overhead after the closing of construction financing for the Norwell Project and the remainder of the overhead will be paid to Metro West CD in equal monthly installments during construction. The entire developer fee and overhead in the amount of \$642,000 was earned in full upon completion of construction for the Norwell Project in November 2019. Metro West CD earned \$321,000 of developer overhead reimbursement as December 31, 2019. Herring Brook Hill owed \$321,000 to Metro West CD as of December 31, 2019, which was included in the current portion of due to (due from) related parties in the accompanying consolidating statement of financial position. The entire outstanding amount was paid in 2020.

Herring Brook Hill owes Metro West CD \$18,000 for certain costs related to operations, which is included in due from and due to related parties in the accompanying consolidating statement of financial position as of December 31, 2020.

Metro West CD also has a note payable agreement for \$28,409 with Herring Brook Hill (see Note 7).

Metro West CD has the following non-interest bearing, unsecured notes receivable with related parties at December 31:

	<u>2020</u>	<u>2019</u>	<u>Year of Maturity</u>
St. Joseph Hall	\$ 400,000	\$ 400,000	2028
Glen Brook Way	650,000	471,398	2069
Glen Brook Way Senior Apartments	185,068	95,788	2070
Herring Brook Hill	<u>28,409</u>	<u>104,000</u>	2069
	1,263,477	1,071,186	
Less - valuation allowance	<u>(828,409)</u>	<u>(850,000)</u>	
	<u>\$ 435,068</u>	<u>\$ 221,186</u>	

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

11. RELATED PARTY TRANSACTIONS (Continued)

The Organization's consolidating financial statements include the following amounts included in due to/from related parties as follows at December 31:

<u>2020</u>	Developer Fee and Related Interest	Asset Management Fees	Other Operating and Construction Advances	Total
Metro West CD	\$ -	\$ -	\$ 76,072	\$ 76,072
1060 Belmont	-	27,000	24,726	51,726
St. Joseph Hall	74,592	95,781	2,307	172,680
Glen Brook Way	531,392	-	169,013	700,405
Herring Brook Hill	-	-	<u>18,000</u>	<u>18,000</u>
	<u>\$ 605,984</u>	<u>\$ 122,781</u>	<u>\$ 290,128</u>	1,018,883
Less - current portion				809,403
Less - valuation allowance				<u>209,480</u>
				<u>\$ -</u>
<u>2019</u>	Developer Fee and Related Interest	Asset Management Fees	Other Operating and Construction Advances	Total
Metro West CD	\$ -	\$ -	\$ 76,072	\$ 76,072
1060 Belmont	-	21,600	19,601	41,201
St. Joseph Hall	77,905	80,855	2,307	161,067
Herring Brook Hill	<u>321,000</u>	<u>-</u>	<u>6,197</u>	<u>327,197</u>
	<u>\$ 398,905</u>	<u>\$ 102,455</u>	<u>\$ 104,177</u>	605,537
Less - current portion				408,889
Less - valuation allowance				<u>196,648</u>
				<u>\$ -</u>

Metro West CD, SJHA and SJH, LLC entered into the following agreements:

Right of First Refusal

SJHA has granted a right of first refusal to Metro West CD to purchase St. Joseph Hall in the event that SJHA proposes to sell, transfer, assign, or ground lease all or substantially all of their interest in St. Joseph Hall after the expiration of the compliance period. Metro West CD will have thirty days to exercise its right at a price as defined in the agreement.

Grant of Option

SJHA has granted to Metro West CD an option to purchase St. Joseph Hall after the expiration of the compliance period for a purchase price equal to the greater of the sum of the principal amount of outstanding indebtedness secured by St. Joseph Hall or the fair market value of St. Joseph Hall, as defined in the agreement.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

11. RELATED PARTY TRANSACTIONS (Continued)

Guaranty Against Development and Operating Deficits

Under this agreement, Metro West CD has guaranteed the payment of additional capital contributions to SJH, LLC to fund SJHA's operating deficits, if there are no sufficient funds in the operating reserve. Metro West CD also guaranteed the completion of the rehabilitation of St. Joseph Hall, payment of all development costs in excess of the rehabilitation budget, and compliance with all requirements of the IRC to qualify for low-income housing tax credits.

Metro West CD had an unlimited liability under this agreement for development cost overruns. Metro West CD's liability for operating deficit capital contributions is limited as follows:

- If SJH, LLC fails to pay any operating deficit capital contributions attributable to the period before SJHA achieves five consecutive twelve-month periods of break-even operations, Metro West CD's liability for unpaid operating deficit capital contributions is limited to \$300,000. After that, Metro West CD has no liability for unpaid operating deficit capital contributions.

Incentive Management Agreement

SJH, LLC is entitled to an incentive management fee for the services they render in connection with the day-to-day operations of SJHA. The fee is equal to 90% of available cash flow of SJHA, annually, subject to a cap of 8% of annual gross revenues, as defined in SJHA's operating agreement. The fee is non-cumulative and is earned and payable only to the extent of cash flow available, as defined in the operating agreement. There was no fee earned in 2020 and 2019.

12. COMMITMENTS AND CONTINGENCIES

Contingencies

Metro West CD has a conditional grant agreement with WSB for \$400,000 funded with an award from FHLB Affordable Housing Program (AHP) to fund the completion of St. Joseph Hall's construction. The grant is only payable if certain conditions are not met, as defined in the agreement. Metro West CD has met all conditions under this grant and expects to comply with the restrictions for the duration of the compliance period. If Metro West CD is in compliance with the terms as of August 19, 2028, the conditions expire and no further payments will be due.

Metro West CD entered into a conditional grant agreement with the Town of Medway for up to \$1,000,000, funded with \$500,000 under the Community Preservation Funding Agreement (CPA) and \$500,000 under the Affordable Housing Trust Agreement (AHTA) for Glen Brook Way Apartments. The grant is only payable if certain conditions are not met, as defined in the agreements. Metro West CD has received \$650,000 as December 31, 2020 and 2019. Under previous guidance, Metro West CD met all conditions under this grant and has recognized \$400,000 as capital grants. After the adoption Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), it was determined since this award has varying affordable housing restrictions and right to return of funds, these are barriers to overcome and the remaining \$250,000 was recognized as a conditional grant advance liability until such time all barriers are overcome and is included in conditional grant advances in the accompanying consolidating statements of financial position. There were no advances received during 2020.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

12. COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies (Continued)

During 2019, Metro West CD was awarded an additional \$1,000,000 from the Town of Medway, funded with \$500,000 under the CPA and AHTA to fund construction costs of GBW Senior Apartments. During 2019, \$200,000 was advanced under this conditional grant award. This award has varying affordable housing restrictions and a provision to return funds if the restrictions are not met. Therefore, the 2019 payment is recorded as a conditional grant advance liability in the accompanying consolidating statement of financial position, until all barriers are addressed. There were no advances received in 2020.

Herring Brook Hill was awarded a conditional grant from the Town of Norwell - Norwell Community Housing Trust in the amount of \$1,300,000 under the Community Preservation Act Program in connection with acquisition and development of the Norwell Project. Herring Brook Hill has received \$1,300,000, the entire amount of the grant, as of December 31, 2019. Under previous guidance, Herring Brook Hill met all conditions under this grant and has recognized \$1,016,298 as capital grants. After the adoption ASU No. 2018-08, it was determined since this award has varying affordable housing restrictions and right to return of funds, these are barriers to overcome and the remaining \$283,702 was recognized as a conditional grant advance liability until such time all barriers are overcome and is included in conditional grant advances in the accompanying consolidating statement of financial position.

During 2020, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Organization's operations and financial position. As a result, the adverse impact COVID-19 will have on the Organization's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact, if any, would not be material.

Commitments

Glen Brook Way Apartments received the following commitments for construction and permanent financing of the Glen Brook Way Phase I:

- Conditional reservation by DHCD for \$999,900 of annual Federal LIHTC and \$600,000 of Massachusetts state LIHTC. These amounts are based upon DHCD's determination that these are the lowest amounts of tax credits necessary for the feasibility of the Glen Brook Way Phase I Project. This conditional reservation is subject to several requirements.
- Permanent financing loan with borrowings up to \$5,025,000 from MHP (Note 6) for a twenty-year term with the annual interest rate of 4.38%. The loan will have a thirty-year amortization schedule and will be secured by the first mortgage on the property. There were no proceeds of the note received during December 31, 2020 and 2019.
- Non-interest bearing note with borrowings up to \$1,000,000 from Massachusetts Housing Finance Agency under AHTF program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. There were no proceeds of the note received during December 31, 2020 and 2019.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

12. COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (Continued)

- Non-interest bearing note with borrowings up to \$630,000 from CEDAC HIF program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. There were no proceeds of the note received during December 31, 2020 and 2019.
- Non-interest bearing note with borrowings up to \$750,000 from CEDAC HIF program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. There were no proceeds of the note received during December 31, 2020 and 2019.
- Non-interest bearing note with borrowings up to \$1,000,000 from DHCD under the HOME Program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. There were no proceeds of the note received during December 31, 2020 and 2019.
- Non-interest bearing note with borrowings up to \$788,245 from MHP HSF program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2051, and is secured by a shared second mortgage on the Property. There were no proceeds of the note received during December 31, 2020 and 2019.
- Non-interest bearing note with borrowings up to \$211,755 from MHP HSF program. Annual payments are due in the amount of 50% of excess of gross receipts over gross expenditures, as defined in the agreement, within forty-five days after year-end. This note is due in full in August 2071, and is secured by a shared second mortgage on the Property. There were no proceeds of the note received during December 31, 2020 and 2019.

13. MANAGEMENT AGREEMENT

SJHA and 1060 Belmont have an agreement with a management company to carry on the day-to-day operations of St. Joseph Hall and the Property. The management company receives a management fee of 5.33% of gross revenues, as defined in the agreement. This agreement is in effect until SJHA and 1060 Belmont or the management company terminate the agreement. The agreement can be terminated by either party with sixty days' written notice.

Herring Brook Hill signed an agreement with a property management company to carry on the day-to-day operations upon completion of the project in November 2019. The management company receives a management fee of 5.5% of gross rental income collected annually. This agreement is in effect until Herring Brook Hill or the management company terminate the agreement. The agreement can be terminated by either party with ninety days' written notice.

Total management fees paid to the management company were \$55,241 and \$33,370 for the years ended December 31, 2020 and 2019, respectively, and are shown as property management fee in the accompanying consolidating statements of functional expenses.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

14. CONCENTRATIONS

SJHA receives significant rent subsidies from the Watertown Housing Authority (WHA) for qualified tenants. The Organization has a contract with WHA to provide these subsidies through April 2028. The Organization earned \$284,468 and \$238,836 in rental subsidies during 2020 and 2019, respectively.

1060 Belmont has a contract with the Metropolitan Boston Housing Partnership (MBHP) which provides rent subsidies for qualified tenants through November 2025. 1060 Belmont earned \$86,206 and \$84,279 in rental subsidies during 2020 and 2019, respectively.

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the consolidating statements of financial position date, comprise the following at December 31, 2020 and 2019:

	2020	
	<u>Metro West CD</u>	<u>Subsidiaries</u>
Cash	\$ 795,388	\$ 441,580
Current portion of due from related parties	733,241	76,172
Contract, program service and rent receivable, net	<u>123,445</u>	<u>12,504</u>
	1,652,074	530,256
Less - construction cash	-	(256,039)
Less - donor restricted cash	<u>(128,567)</u>	<u>-</u>
	<u>\$ 1,523,507</u>	<u>\$ 274,217</u>
	2019	
	<u>Metro West CD</u>	<u>Subsidiaries</u>
Cash	\$ 210,004	\$ 171,135
Current portion of due from related parties	332,817	76,072
Accounts receivable	<u>47,883</u>	<u>16,602</u>
	590,704	263,809
Less - donor restricted cash	<u>(19,500)</u>	<u>-</u>
	<u>\$ 571,204</u>	<u>\$ 263,809</u>

The Organization has a goal to maintain financial assets on hand to meet six months of normal operating expenses, including real estate development activities and lending commitments. The goal also applies to the normal operating expenses and capital expenditures of the Subsidiaries. Metro West CD has achieved this goal during 2020.

Metro West CD regularly monitors the availability of resources required to meet the operating needs of the rental properties. For purposes of analyzing resources available to meet general obligations over a twelve-month period, Metro West CD considers all expenditures related to the ongoing activities of operating rental housing to be general obligations, including the payment of debt service and contribution to reserves. The combined cash balance of the rental programs is not available to supplement Metro West CD's operations or other projects. Each project's liquidity must be evaluated individually.

METRO WEST COLLABORATIVE DEVELOPMENT, INC. AND SUBSIDIARIES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

In addition to the financial assets available to the Subsidiaries to meet general obligations over the next twelve months, Metro West CD regularly conducts budget-to-actual variance analysis through its asset management function in order to identify liquidity concerns. In the event a rental property has an identified liquidity concern, Metro West CD works with its third-party property management company to correct the issue. Corrective measures include the possibility of Metro West CD providing the property with an operating deficit advance. Amounts included in certain reserves are used to fund certain operating and capital expenditures and repairs costs as they become due. Other reserves are required by various agreements and can be used appropriately as determined by the agreements.

16. RECLASSIFICATIONS

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