

City of Beverly
Beverly Affordable Housing Trust

2018 Funding Application
August 31, 2018



ANCHOR POINT – Phase 1

Submitted by:
Harborlight Community Partners, Inc.



**City of Beverly
Beverly Affordable Housing Trust
Funding Application**

Project/Program Name: Anchor Point, Phase 1

Project Location

Street Address: 108 Sohier Road **Assessor's Map & Lot #:** Parcel ID 43-108, Plan Book 176,
Plan 4, Plan Book 184, Plan 54

Legal Property Owner of Record: Anchor Point LLC

Sponsor(s)/Organization: Harborlight Community Partners, Inc.

Contact Person Name & Title: Kristin Carlson, Senior Project Manager

Telephone: 978-922-1305 x210

Email: kcarlson@harborlightcp.org

Mailing Address: PO Box 507, Beverly, MA 01915

Email Address: kcarlson@harborlightcp.org

Budget Summary

Total Trust Funds Requested: \$250,000

Total Project Cost: \$18,249,847

Sponsor's Signature:  **Date:** 8/29/18

Sponsor's Printed Name & Title: Andrew DeFranza, Executive Director

Project Summary: *Please summarize the proposed project and any special features (support services, sustainability or energy conservation components, historic preservation, etc.)*

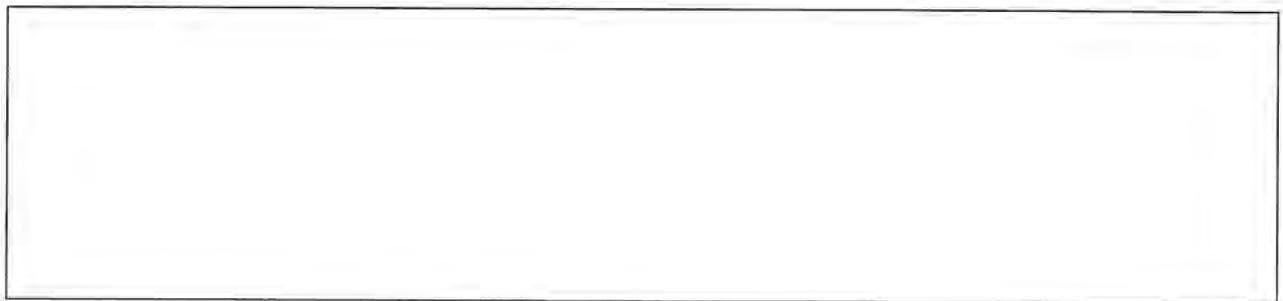
Anchor Point is a proposed 75 unit development of affordable two and three-bedroom rental apartments for families, sponsored by Harborlight Community Partners (HCP). HCP owns the 5.07 acre site, which is currently undeveloped. The project will provide high quality housing for families earning at or below 60% of the area median income (AMI), which in 2018 is \$64,680 for a family of four. In addition, 20% of the units (15 apartments) will be set aside for families coming out of homelessness. This is in direct response to the regional Mayors' Memorandum of Understanding addressing the need to create new units for homeless individuals and families. The site is zoned under 40b "Smart Growth" zoning. HCP proposes to build the project in two phases.

There is an underground water main running through the middle of the site, which divides the site roughly in half. Phase 1 of the project consists of a residential building (Building A to the north of the site) with 38 units (all two and three bedrooms) plus lobbies, lounges, and in-building laundry. A separate, smaller building will house multi-purpose community spaces, management offices, and, on the second floor, new corporate offices for HCP. Approximately 80 parking spaces will be built with Phase 1.

The exterior landscaping is thoughtfully designed to include a series of different spaces for both children and adults. There will be a fenced-in playgrounds for smaller children, a half-court basketball area, an open playing field, and raised bed community gardens created in Phase 1. In addition, every apartment will have a small outdoor space: either a terrace at grade, or a balcony, to allow ample access to the outdoors. The design includes flat roofs for solar panels, but the detailing and articulation of the buildings maintains a residential feel.

The project is phased due to the availability of funding mechanisms, and it is anticipated that phase 2 will follow approximately one-two years behind phase 1. Phase 2 will consist of an additional 37 units in a second building (Building B on the south end of the site). Additional parking (about 70 more spaces) and a second playground space will be incorporated in Phase 2.

Harborlight Community Partners has a strong local presence, and in 2018 will own, manage, or support 392 units of housing, providing homes for an estimated 525 people. Many of these existing units are located in Beverly at Turtle Woods, Turtle Creek, and Harborlight House (which are senior housing). This project presents an opportunity to both deepen our roots in Beverly, and to provide greatly needed affordable family housing.



Suggested Vote Language (only for use by the BAHT Trustees)

1. Sources of Funds: Check all that apply, include dollar amount, and circle if funds are committed or proposed.

✓ Beverly Affordable Housing Trust Fund	\$ <u>250,000</u>	committed/ <u>proposed</u>
✓ Beverly Community Preservation Fund	\$ <u>250,000</u>	committed/ <u>proposed</u>
✓ Beverly HOME	\$ <u>20,613</u>	committed/ <u>proposed</u>
✓ Private Bank Loan	\$ <u>3,000,000</u>	committed/ <u>proposed</u>
Sales Revenue	\$ _____	committed/proposed
✓ Other: Federal LIHTC (Low Income Housing Tax Credits)	\$ <u>6,712,320</u>	committed/ <u>proposed</u>
✓ Other: <u>State LIHTC</u>	\$ <u>2,437,500</u>	committed/ <u>proposed</u>
✓ Other: <u>Fed Home Loan Bank</u>	\$ <u>500,000</u>	committed/ <u>proposed</u>
✓ Other: <u>State (DHCD) funds</u>	\$ <u>4,929,414</u>	committed/ <u>proposed</u>
✓ Other: <u>North Shore HOME Consortium</u>	\$ <u>150,000</u>	committed/ <u>proposed</u>

If any, list deadlines for other critical funding applications:

The State (DHCD) has an upcoming funding round for both the LIHTC and soft debt funds (the "OneStop"), with an anticipated schedule of pre-applications due November 2018 and full applications due February 2019. This funding is essential to making the project feasible. Local funding makes a project much more competitive in the State funding rounds, and needs to be committed by the time we submit the OneStop application.

The North Shore HOME Consortium does an annual call for funding applications, expected Fall 2018.

The application for the Federal Home Loan Bank (FHLB) grant was submitted in July 2018, awards will be made in December 2018.

A request for a modest amount of Beverly HOME funds has been made.

2. Uses of Funds: Check all that apply.

Predevelopment (*feasibility, engineering, appraisals, environmental studies/testing/mitigation, legal work, etc.*)

Acquisition

Rehabilitation/Capital Improvements

✓ Site Preparation (*tree clearing, earth removal, etc.*)

✓ New Construction

Redevelopment

Other (please explain) _____

3. Targeted Population: *Check all that apply.*

- Family Senior/Elderly
- Homeless/At Risk of Homelessness Special Needs (identify population): _____
- Housing with Support Services (identify service providers): _____
- Other (identify): The project include a 20% set aside for homeless families (8 units)

4. Type of Housing: *Check all that apply.*

Homeownership:

- Single Family
- Condominium
- Cooperative
- Other

Rental:

- Single Room Occupancy
- Individual/Family
- Group Residence, Congregate
- Other

5. Unit Composition: *List number of units in each category*

	Total	<=30% AMI	<=50% AMI	<=80% AMI	<=100% AMI	<=120% AMI	Market Rate
SRO	0						
1 Br	0						
2 Br	20	4	16				
3 Br	18	4	14				
4 Br/+	0						

Note: 2017 Fair Market Rents: \$1,194 (Efficiency); \$1,372 (1 Br); \$1,691 (2 Br); \$2,116 (3 Br); \$2,331 (4 Br) (www.huduser.org)

ATTACHMENTS CHECKLIST

Asterisks (*) indicate required attachments for DEVELOPMENT PROJECTS. All other listed information should be provided as applicable to the project.

1. Financial

- ✓ *Development pro forma using the state's One Stop Application Format (download the state's One-Stop Application form at: www.mhic.com/onestop_downloads.cfm) and 10 year operating budget if available for rentals (once again using the state's One Stop format)
 - ✓ *Identify all proposed housing-related expenses (e.g., utilities, condominium fees, parking fees, etc.)
 - ✓ *Letters of financial commitment or description of all financing and finance sources planned
- N/A (Provide an explanation why these attachments are not available)
-

2. Qualifications

- ✓ *Describe applicant's capacity for undertaking project and previous experience developing similar, successfully completed projects.
 - ✓ *References (e.g., banks, affordable housing clients, municipal/state agencies, etc.) Describe applicant's qualifications and capacity for undertaking the project including experience developing similar, successfully completed projects. For nonprofit organizations: Submit organization mission statement.
 - ✓ Photographs of similar projects or other applicable built projects.
 - ✓ Past 2-years of audited financial statements, if applicable.
- N/A (Provide an explanation why these attachments are not available)
-

3. Community Need

- ✓ Describe how the proposed project meets the BAHT's Funding Priorities as indicated in the BAHT Guidelines, noting which Priorities are explicitly met.
 - ✓ Describe how the proposed project meets Beverly's housing needs identified in the City's Community Housing Plan, 2017 available here <http://www.beverlyma.gov/boards-commissions/beverly-affordable-housing-trust-fund/>
- N/A (Provide an explanation why this attachment is not available)
-

4. Community Support

- ✓ Letters of support/describe any efforts made to communicate with neighbors and abutters (unless resident clients are a protected class or require confidentiality).
N/A (Provide an explanation why this attachment is not available).
-

5. Evidence of Site Control/Value

- ✓ *Purchase and sale agreement, option, or deed.
 - ✓ *Requests involving acquisition: Provide appraisal by an independent, certified real estate appraiser.
N/A (Provide an explanation why these attachments are not available).
-

6. Site Plans & Zoning/Permitting

- ✓ *Map and photos of the project site and neighborhood.
- ✓ *Describe applicable environmental requirements including evidence that the property is free of hazardous materials or the status of a remediation plan and any pertinent natural resource data.
- ✓ *For new construction or redevelopment projects: preliminary site plans, schematics, floor plans, elevations, and renderings, as available.
- ✓ *Identify any zoning/permitting relief required and proposed schedule for zoning/permitting review if applicable to project. Identify proposed sustainable or energy efficient components of the project, if any.

N/A (Provide an explanation why these attachments are not available).



Equal Housing Opportunity

EXHIBIT 1: Financial

- OneStop development proforma, including operations for the first ten years
- Owner (Harborlight) will pay all utilities, including heat, electricity, hot water. Tenants will be responsible for rent, internet/cable TV and phone. There will be no parking fee.
- Financing sources and status:

Source	Amount	Status
Beverly AHT	\$250,000	
Beverly CPC	\$250,000	Will apply fall 2018 under rolling applications if allowed
Bank Loan – Mass Housing Partnership and Beverly Bank	\$3,000,000	Initial LOIs issued, please see attached. Final loan amounts TBD with amount of debt the project can carry .
Beverly HOME	\$20,613	Requested July 2018
FHLB Grant	\$500,000	Application submitted July 2018, awards will be made December 2018
North Shore HOME Consortium	\$150,000	Annual application period, anticipated fall 2018
Federal LIHTC	\$6,712,320	OneStop pre-application expected Nov. 2018, full application Feb. 2019, with awards anticipated summer 2019.
State LIHTC	\$2,437,500	
MA DHCD: HOME, CBH, HSF, AHTF	\$4,929,2414	

Commitment of local funds is essential in securing State funding. The total local funds at Anchor Point phase 1 will leverage 26 times their value, generating \$17,579,234 in private debt, grants and State funding.

Section 3 SOURCES AND USES OF FUNDS

Sources of Funds

Private Equity:

81	Developer's Cash Equity	\$
82	Tax Credit Equity (net amount) <i>(See line 360, Section 5, page 18.)</i>	\$9,149,820
83	Developer's Fee/Overhead, Contributed or Loaned	\$
84	Other Source:	

Optional user calculations

State LIHTC		
650,000	0.75	2,437,500
Fed LIHTC		
729,600	0.92	6,712,320

Public Equity:

85	HOME Funds, as Grant	\$
86	Grant: FHLB	\$500,000
87	Grant:	\$
88	Total Public Equity	\$500,000

Subordinate Debt (see definition):

	Amount	Rate	Amortiz.	Term
89	Home Funds-DHCD, as Subordinate Debt	\$1,000,000	%	yrs.
	Source: DHCD HOME			
90	Home Funds-Local, as Subordinate Debt	\$670,613	%	yrs.
	Source: CPA, Bev HOME & NSHC			
91	Subordinate Debt	\$1,000,000	%	yrs.
	Source: AHTF			
	Subordinate Debt	\$1,000,000	%	yrs.
	Source: HSF			
92	Subordinate Debt	\$750,000	%	yrs.
	Source: CBH			4 CBH units
93	Subordinate Debt	\$1,179,414	%	yrs.
	Source: DHCD other			
	Total Subordinate Debt	\$5,600,027		

DHCD \$:	\$6,108,828
DHCD \$/unit	\$160,759

Permanent Debt (Senior):

	Amount	Rate	Override	Amortiz.	Term	MIP
95	MHFA MHP	\$2,000,000	6.00%	%	30.00	20.00 %
96	MHFA FHLB member Bev Bank	\$1,000,000	3.00%	%	20.00	20.00 %
97	MHP Fund Permanent Loan	\$	%		yrs.	yrs. %
98	Other Permanent Senior Mortgage	\$	%		yrs.	yrs. %
	Source:					
99	Other Permanent Senior Mortgage	\$	%		yrs.	yrs. %
	Source:					

100 **Total Permanent Senior Debt** \$3,000,000

DSCR @ year 1: 1.20

101 **Total Permanent Sources** \$18,249,847

DSCR @ year 15: 1.16

Construction Period Financing:

	Amount	Rate	Term
102	Construction Loan	\$7,500,000	4.00% mos.
	Source:		
	Repaid at:	(event)	
103	Other Interim Loan	\$0	% mos.
	Source:		
	Repaid at:	(event)	
104	Syndication Bridge Loan	\$0	% mos.
	Source:		
	Repaid at:	(event)	

DSCR @ year 20: 1.10
cash flow years 1-10
\$422,307
cash flow years 1-20:
\$738,898

Uses of Funds

The Contractor certifies that, to the best of their knowledge, the construction estimates, and trade-item breakdown on this page are complete and accurate.

Direct Construction:

105 . Who prepared the estimates?

Name Signature

106 . Basis for estimates? Similar projects, architect

	DV	Trade Item	Amount	Description
107 .	3	Concrete		
108 .	4	Masonry		
109 .	5	Metals		
110 .	6	Rough Carpentry		
111 .	6	Finish Carpentry		
112 .	7	Waterproofing		
113 .	7	Insulation		
114 .	7	Roofing		
115 .	7	Sheet Metal and Flashing		
116 .	7	Exterior Siding		
117 .	8	Doors		
118 .	8	Windows		
119 .	8	Glass		
120 .	9	Lath & Plaster		
121 .	9	Drywall		
122 .	9	Tile Work		
123 .	9	Acoustical		
124 .	9	Wood Flooring		
125 .	9	Resilient Flooring		
126 .	9	Carpet		
127 .	9	Paint & Decorating		
128 .	10	Specialties		
129 .	11	Special Equipment		
130 .	11	Cabinets		
131 .	11	Appliances		
132 .	12	Blinds & Shades		
133 .	13	Modular/Manufactured		
134 .	13	Special Construction		
135 .	14	Elevators or Conveying Syst.		
136 .	15	Plumbing & Hot Water		
137 .	15	Heat & Ventilation		
138 .	15	Air Conditioning		
139 .	15	Fire Protection		
140 .	16	Electrical		
141 .		Accessory Buildings		
142 .		Other: misc	\$11,990,000	
143 .		Subtotal Structural	\$11,990,000	\$280,000.00 per unit
144 .	2	Earth Work		\$150/sf comm ctr
145 .	2	Site Utilities		
146 .	2	Roads & Walks		
147 .	2	Site Improvement		
148 .	2	Lawns & Planting		
149 .	2	Geotechnical Conditions		
150 .	2	Environmental Remediation		
151 .	2	Demolition		
152 .	2	Unusual Site Cond		
153 .		Subtotal Site Work	\$0	
154 .		Total Improvements	\$11,990,000	
155 .	1	General Conditions		
156 .		Subtotal	\$11,990,000	
157 .	1	Builders Overhead		
158 .	1	Builders Profit		
159 .		TOTAL	\$11,990,000	

160 Total Cost/square foot: Residential Cost/s.f.:

Development Budget:

	<i>Total</i>	<i>Residential</i>	<i>Commercial</i>	<i>Comments</i>
161 . Acquisition: Land	\$1,600,000	\$1,600,000		\$3M total split by # units/phase
162 . Acquisition: Building	\$0	\$0		
1 . Acquisition Subtotal	\$1,600,000	\$1,600,000	\$0	per unit: 42,105
164 . Direct Construction Budget	\$11,990,000	\$11,990,000		(from line 159)
165 . Construction Contingency	\$599,500	\$599,500		5.0% of construction
166 . Subtotal: Construction	\$12,589,500	\$12,589,500	\$0	

General Development Costs:

167 . Architecture & Engineering	\$634,500	\$634,500		5% A&E, \$15K civil, \$20K Cx
168 . Survey and Permits	\$194,850	\$194,850		\$15K survey + \$15/\$1,000 permits
169 . Clerk of the Works	\$70,000	\$70,000		Allowance
170 . Environmental Engineer	\$7,500	\$7,500		Allowance - Phase 1, add'l testing if req'd during construct
171 . Bond Premium	\$119,900	\$119,900		1% const cost
172 . Legal	\$150,000	\$150,000		Allowance
173 . Title and Recording	\$30,000	\$30,000		
174 . Accounting & Cost Cert.	\$45,000	\$45,000		
175 . Marketing and Rent Up	\$30,000	\$30,000		
176 . Real Estate Taxes	\$64,272	\$64,272		4.25 years at comm rate
177 . Insurance	\$30,000	\$30,000		
178 . Relocation	\$0	\$0		
179 . Appraisal + Mkt Study	\$20,000	\$20,000		
180 . Security	\$0	\$0		
181 . Construction Loan Interest	\$150,000	\$150,000		Calc at half out 12 months
182 . Inspecting Engineer	\$28,800	\$28,800		12 months + initial report
183 . Fees to: DHCD	\$15,000	\$15,000		
184 . Fees to: Const loan	\$37,500	\$37,500		50 bps
185 . Fee - Perm Lo:	\$20,000	\$20,000		1%
186 . Credit Enhancement Fees	\$0			
187 . Letter of Credit Fees	\$0			
1 . Other Financing Fees	\$245,000	\$245,000		Predevelopment + acquisition interest
189 . Development Consultant	\$0	\$0		
190 . Other: Utility backc	\$10,000	\$10,000		
191 . Other: FFE	\$50,000	\$50,000		
192 . Soft Cost Contingency	\$97,616	\$97,616		5.0% of soft costs
193 . Subtotal: Gen. Dev.	\$2,049,938	\$2,049,938	\$0	

194 . Subtotal: Acquis., Const and Gen. Dev.	\$16,239,438	\$16,239,438	\$0	
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195 . Capitalized Reserves	\$398,477	\$398,477		RR, OR, Lease-up
196 . Developer Overhead	\$805,966	\$805,966		
197 . Developer Fee	\$805,966	\$805,966		

198 . Total Development Cost	\$18,249,847	\$18,249,847	\$0	TDC per unit \$480,259
199 . TDC, Net	\$17,851,370	\$17,851,370	\$0	TDC, Net per unit \$469,773

Additional Detail on Development Pro-Forma:

200 . Gross Syndication Investment []

Off-Budget Costs:

Syndication Costs:

201 . Syndication Legal []

202 . Syndication Fees []

203 . Syndication Consultants []

204 . Bridge Financing Costs []

205 . Investor Servicing (capitalized) []

206 . Other Syndication Expenses []

207 . Total Syndication Expense \$0

208 . Current Reserve Balance []

Reserves (capitalized):

209 . Development Reserves []

210 . Initial Rent-Up Reserves \$50,000

211 . Operating Reserves \$234,477.00 << 6 months op ex and DS

212 . Net Worth Account []

213 . Replacement Reserves \$114,000 << \$3K/unit

214 . Subtotal: Capitalized Reserves \$398,477

215 . Letter of Credit Requirements []

216 . Total of the Above \$398,477

Check: Line 214 is the same as line 195.

Please Answer The Following	Dev. Reserves	Initial Rent-Up	Op. Reserves	Net Worth	Other	Letter of Credit
Who requires the reserves?						
Who administers the reserves?						
When and how are they used?						
Under what circumstances can they be released?						

Unit Sales (For Sale Projects Only):

217 . Gross Sales From Units \$ []

218 . Cost of Sales (Commissions, etc.) \$ []

219 . Net Receipt from Sales \$0

Debt Service Requirements:

220 . Minimum Debt Service Coverage []

221 . Is this Project subject to HUD Subsidy Layering Review? No

Optional user comments

21-Year Operating Proforma (Years 1-5)

NOTE: Do not fill out this section. It is automatically filled in by program.

Calendar Year:	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024
COME:					
Low-Income, Rental Assisted	\$207,082	\$210,188	\$213,341	\$216,541	\$219,789
Low-Income, Below 50%	0	0	0	0	0
Low-Income, Below 60%	421,438	429,866	438,464	447,233	456,178
Other Income (User-defined)	0	0	0	0	0
Market Rate	0	0	0	0	0
<i>Gross Potential Income</i>	628,519	640,054	651,804	663,774	675,966
Less vacancy	31,426	32,003	32,590	33,189	33,798
<i>Effective Gross Residential Income</i>	597,093	608,051	619,214	630,585	642,168
Commercial (includes parking)	30,000	30,000	30,000	30,000	30,000
Less vacancy	0	0	0	0	0
Net Commercial Income	30,000	30,000	30,000	30,000	30,000
<i>Effective Rental Income</i>	627,093	638,051	649,214	660,585	672,168
Other Income: Laundry	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
<i>Total Gross Income</i>	627,093	638,051	649,214	660,585	672,168
Operating Subsidies	0	0	0	0	0
Draw on Operating Reserves	0	0	0	0	0
<i>Total Effective Income</i>	\$627,093	\$638,051	\$649,214	\$660,585	\$672,168
EXPENSES:					
Management Fee	37,626	38,283	38,953	39,635	40,330
Administrative	66,400	68,392	70,444	72,557	74,734
Maintenance	69,800	71,894	74,051	76,272	78,561
Resident Services	32,500	33,475	34,479	35,514	36,579
Security	0	0	0	0	0
Electrical	28,500	29,355	30,236	31,143	32,077
Natural Gas	13,300	13,699	14,110	14,533	14,969
Oil (heat)	0	0	0	0	0
Water & Sewer	9,500	9,785	10,079	10,381	10,692
Replacement Reserve	13,300	13,699	14,110	14,533	14,969
Operating Reserve	0	0	0	0	0
Real Estate Taxes	80,000	82,400	84,872	87,418	90,041
Other Taxes	0	0	0	0	0
Insurance	20,000	20,600	21,218	21,855	22,510
MIP	0	0	0	0	0
Other:	3,000	3,090	3,183	3,278	3,377
<i>Total Operating Expenses</i>	\$373,926	\$384,672	\$395,734	\$407,119	\$418,839
NET OPERATING INCOME	\$253,168	\$253,379	\$253,481	\$253,466	\$253,329
Debt Service	\$210,444	\$210,444	\$210,444	\$210,444	\$210,444
Debt Service Coverage	1.20	1.20	1.20	1.20	1.20
Project Cash Flow	\$42,724	\$42,936	\$43,037	\$43,022	\$42,886
Required Debt Coverage (Gap)/Surplus for Cov.	\$0	\$0	\$0	\$0	\$0
	\$253,168	\$253,379	\$253,481	\$253,466	\$253,329

21-Year Operating Proforma (Years 6-10)

NOTE: Do not fill out this section. It is automatically filled in by program.

Calendar Year:	Year 6 2025	Year 7 2026	Year 8 2027	Year 9 2028	Year 10 2029
INCOME:					
Low-Income, Rental Assisted	\$223,086	\$226,432	\$229,828	\$233,276	\$236,775
Low-Income, Below 50%	0	0	0	0	0
Low-Income, Below 60%	465,301	474,607	484,099	493,781	503,657
Other Income (User-defined)	0	0	0	0	0
Market Rate	0	0	0	0	0
<i>Gross Potential Income</i>	688,387	701,039	713,928	727,057	740,432
Less vacancy	34,419	35,052	35,696	36,353	37,022
<i>Effective Gross Residential Income</i>	653,968	665,987	678,231	690,704	703,410
Commercial Income	30,000	30,000	30,000	30,000	30,000
Less vacancy	0	0	0	0	0
Net Commercial Income	30,000	30,000	30,000	30,000	30,000
<i>Effective Rental Income</i>	683,968	695,987	708,231	720,704	733,410
Laundry Income	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
Other Income:	0	0	0	0	0
<i>Total Gross Income</i>	683,968	695,987	708,231	720,704	733,410
Operating Subsidies	0	0	0	0	0
Draw on Operating Reserves	0	0	0	0	0
<i>Total Effective Income</i>	\$683,968	\$695,987	\$708,231	\$720,704	\$733,410
EXPENSES:					
Management Fee	41,038	41,759	42,494	43,242	44,005
Administrative	76,976	79,285	81,664	84,114	86,515
Maintenance	80,917	83,345	85,845	88,421	91,015
Resident Services	37,676	38,807	39,971	41,170	42,405
Security	0	0	0	0	0
Electrical	33,039	34,030	35,051	36,103	37,186
Natural Gas	15,418	15,881	16,357	16,848	17,353
Oil (heat)	0	0	0	0	0
Water & Sewer	11,013	11,343	11,684	12,034	12,395
Replacement Reserve	15,418	15,881	16,357	16,848	17,353
Operating Reserve	0	0	0	0	0
Real Estate Taxes	92,742	95,524	98,390	101,342	104,382
Other Taxes	0	0	0	0	0
Insurance	23,185	23,881	24,597	25,335	26,095
MIP	0	0	0	0	0
Other:	3,478	3,582	3,690	3,800	3,914
<i>Total Operating Expenses</i>	\$430,902	\$443,319	\$456,100	\$469,257	\$482,800
NET OPERATING INCOME	\$253,066	\$252,668	\$252,131	\$251,447	\$250,611
Debt Service	\$210,444	\$210,444	\$210,444	\$210,444	\$210,444
<i>Debt Service Coverage</i>	1.20	1.20	1.20	1.19	1.19
Project Cash Flow	\$42,622	\$42,224	\$41,687	\$41,003	\$40,167
Required Debt Coverage (Gap)/Surplus for Cov.	\$0	\$0	\$0	\$0	\$0
	\$253,066	\$252,668	\$252,131	\$251,447	\$250,611



July 30, 2018

Ms. Kristin Carlson
Senior Project Manager, Real Estate Development
Harborlight Community Partners
PO Box 507
Beverly, MA 01915

Dear Ms. Carlson,

I am writing to express Beverly Bank's strong interest in providing financing for the "Anchor Point I" development project, by way of a first position subsidized loan.

Beverly Bank would be proud to work with Harborlight Community Partners to develop the affordable housing property.

I have attached to this letter the broad terms and conditions under which we would offer financing. We reserve the right to engage in further due diligence and to reflect any significant market rate changes in the final package. I believe that it correctly reflects your request, however if there are any other questions please feel free to call me on my direct line (978)-922-0857 x 138.

Sincerely,

Matthew LaFlamme
Vice President
Beverly Bank

Lender:	Beverly Bank
Borrower:	Anchor Point I LLC or nominee
Amount Loans:	Subsidized \$1,000,000
Collateral:	First Position on Anchor Point I LLC; all other debt is subordinate to Beverly Bank debt
Project:	Acquisition and improvement of Property located at 108 Sohier Rd, Beverly MA
Appraisal:	The Bank will commission an appraisal prepared for the lender.
Maximum Loan-to-Value:	First mortgage must not exceed 50% of appraised value
Minimum DSCR:	Covenant DSCR of 1.15x
Term:	20 years
Amortization:	20 years. No prepayment penalty and acceleration of payments are permitted.
Rate:	Subsidized: Fixed at 3.00% for the 20 year term of the loan
Commitment Fee:	None
Third Party Expenses:	Appraisal, environmental review and Legal
Reserve requirements:	TBD subject to further diligence
Guarantor:	None



Massachusetts
**Housing
Partnership**

July 31, 2018

Ms. Kristin Carlson, RA, LEED GA
Senior Project Manager, Real Estate Development
Harborlight Community Partners
P.O. Box 507
Beverly, MA 01915

160 Federal Street
Boston, Massachusetts 02110
Tel: 617-308-0955
Fax: 617-308-1819

RE: Anchor Point I, 108 Sohier Road, Beverly

462 Main Street
Amherst, Massachusetts 01002
Tel: 413-253-7379
Fax: 413-253-3002

Dear Ms. Carlson:

I was delighted to be informed of your interest in developing much needed affordable family rental housing on Sohier Road in Beverly.

www.mhp.net

The purpose of this letter is to indicate my support for your application to the Federal Home Loan Bank Affordable Housing Program ("FHLB AHP") and to confirm the interest of Massachusetts Housing Partnership Fund ("MHP") to provide financing under the Permanent Rental Financing Program.

MHP serves as the first mortgage lender on several developments that have received a subsidized advance and/or grant provided by the FHLB AHP. It is my understanding Anchor Point I is the first of two phases consisting of the new construction of one building to create twenty (20) two-bedroom and twenty (20) three-bedroom units affordable to households earning at or below 60% of the area median income.

After a preliminary review of both your development and operating projections for phase one of the project, I have determined that a permanent first mortgage loan of up to \$2,500,000 would be feasible for the project. MHP will fund up to \$1,500,000 of the loan with a term of 20 years (amortizing over 30 years) and a participation in the first mortgage loan from FHLB member Beverly Bank in the amount of \$1,000,000 with a term of 20 years (amortizing over 20 years) is expected to be provided through the FHLB AHP. Please understand that this letter is not intended as a commitment to lend, and should not be interpreted as such.

Based on your success to date developing several affordable housing properties in Beverly as well as other Northshore communities, MHP would be delighted to be part of the financing team. I look forward to learning more about this project as you seek the approvals you need to move forward.



Effective 10/1/2014

**Housing
Partnership**

We wish you well on your FHLB AHP application and other financing efforts. Please keep me informed of your progress.

Sincerely,

A handwritten signature in cursive script that reads "Nancy McCafferty".

Nancy McCafferty
Senior Relationship Manager

EXHIBIT 2: Qualifications

Harborlight Community Partners will own, manage, or support 392 units of housing in 2018, providing homes for an estimated 525 people. Many of these units are located in Beverly at Turtle Woods, Turtle Creek, and Harborlight House (which are senior housing). This project presents an opportunity to both deepen our roots in Beverly, and to provide greatly needed affordable family housing.

The project team has decades of experience with developing, designing, building, and operating community affordable housing. The team is as follows:

Current Owner: Hardy Street Realty LLC

Anchor Point LLC – a subsidiary of Harborlight

Sponsor, Developer, Long-term Property Manager and Leasing Agent: Harborlight Community Partners, Inc.

Andrew DeFranza, ED

Kristin Carlson, Senior Project Manager

Architect: Siemasko + Verbridge

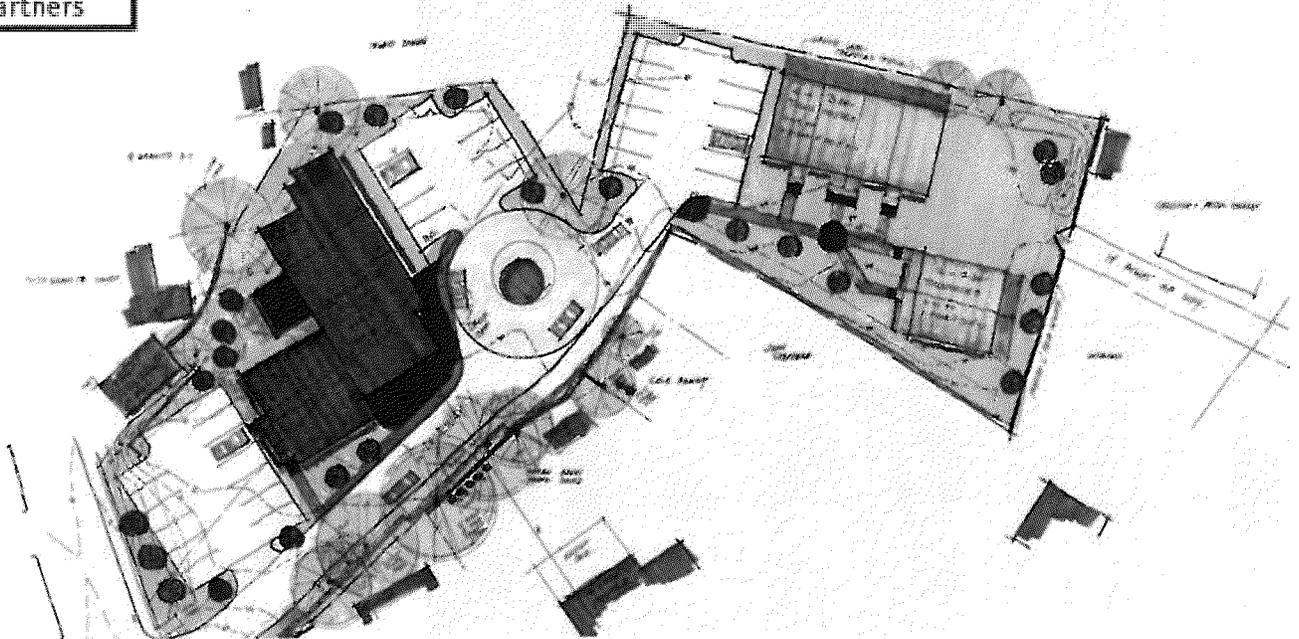
Thad Siemasko, Principal

Contractor: TBD

- Please see attached:
 - Rockport High School Apartments project information sheet
 - Harborlight House Apartments project information sheet
 - Boston Street Crossing Apartments project information sheet
 - Andrew DeFranza resume
 - Kristin Carlson resume
- References:
 - Mike Wheeler, Beverly Bank, MWheeler@beverlybank.com
 - Sarah McKeever, CEDAC, smckeeper@CEDAC.org
 - Chrissy Vincenti, MHIC, vincenti@mhic.com
- Harborlight Community Partners Mission Statement:
 - The mission of Harborlight Community Partners is to provide housing with supportive services for low income elders, families, and individuals living Boston's North Shore region. We manage, create or preserve affordable housing that is dignified and well-maintained.
- Harborlight Community Partners audited financials, 2016 and 2017



5 Granite Street Crossing, Rockport

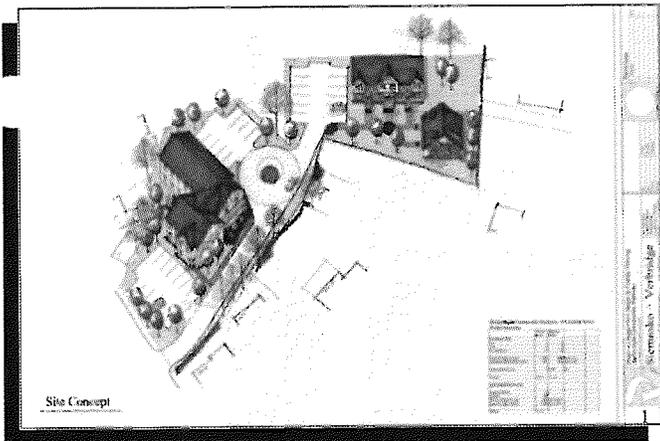


Project Highlights

HCP proposes to take 5 Granite Street, the site of a former greenhouse operation, and turn it into 23 units of housing. This is a redevelopment of an existing commercial site very close to a commuter rail stop and Town shops and amenities. The current plan is to create a mixed senior/family development.

- 17 supportive senior units
- 6 family townhouses
- Income limits: 60% = \$41,220 (1 person), \$58,860 (4 person).
- Income limits: 30% = \$20,650 (1 person), \$29,450 (2 person).

The result will be an excellent, contextually sensitive, re-use of a difficult site, that creates transportation-oriented and service enriched, multi-generational housing. We hope to create a local affordable housing and supportive service blended model, leveraging the existing base of units at Pigeon Cove Ledges and Rockport High School Apartments.



Project Partners

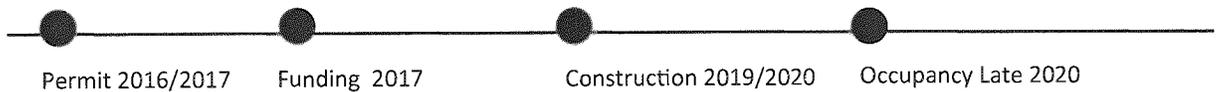
Current:

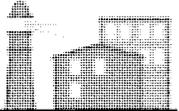
Town of Rockport HOME
CEDAC
LISC

Proposed:

Town of Rockport CPC
MA Dept. Housing and Community Development
Federal Home Loan Bank

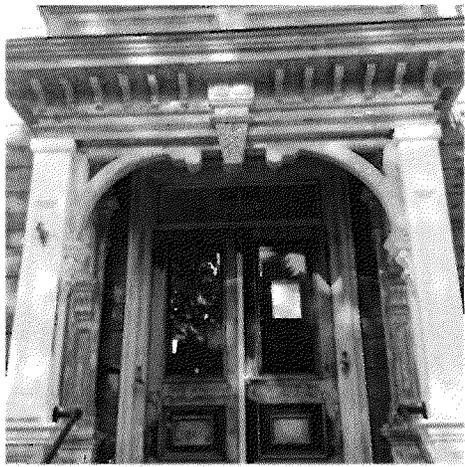
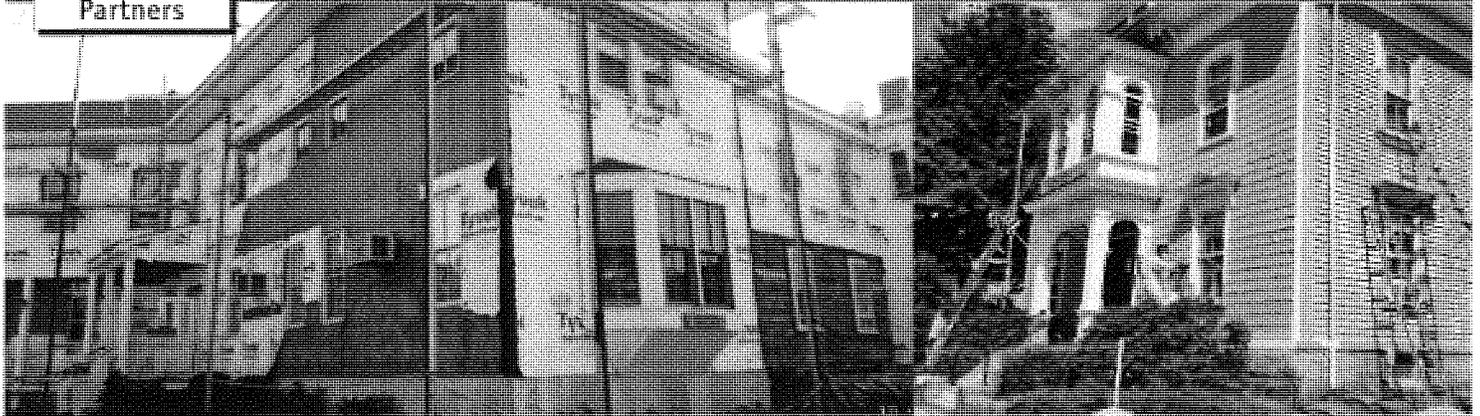
Anticipated TIMELINE





Harborlight
Community
Partners

Harborlight House, Beverly



Project Highlights

Harborlight House is the flagship property of Harborlight Community Partners. The stately historic home was the first property founded by the First Baptist Church in Beverly in 1963.

Harborlight House serves very low-income seniors in need who might otherwise require nursing home care. It is a warm, friendly and supportive environment offering daily enrichment opportunities in tandem with needed nursing care.

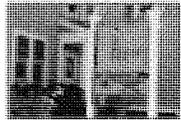
Harborlight House Renovations and Improvements include:

- State-supported housing vouchers for each unit to ensure affordability.
- Dining Room expanded (to accommodate mobility needs)
- Many units reconfigured to increase average unit size, adjusted for increased mobility equipment
- Kitchenettes will be added to each unit
- Siding, insulation and sealing up the exterior for energy efficiency
- HLH will have a new roof, new boiler and mechanical systems to improve energy efficiency and ensure comfort of our senior residents
- Number of units will shift from 35 to 30 due of the expansion of the unit space
- Elevator will be upgraded
- A new emergency call system will be installed throughout
- New flooring and paint in all common areas
- Water efficient fixtures for all units

Harborlight House Renovation Project

Funders and Financing Partners:

- MA Department of Housing & Community Development
- MassDevelopment
- Massachusetts Housing Investment Corporation
- Eastern Bank
- East Boston Savings Bank
- Community Economic Development Assistance Corporation
- Federal Home Loan Bank of Boston
- North Shore HOME Consortium
- City of Beverly: Community Development Block Grant & HOME
- City of Beverly: Community Preservation Funds



Developer: Harborlight Community Partners
Contractor: The Martins Companies
Architect: Siemasko & Verbridge

www.harborlightcp.org



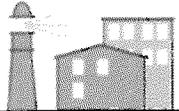
Anticipated TIMELINE

Dec 2015 HCP Receives Grant & Housing Vouchers from MA DHCD

August 2015 Construction Begins

July 2016 Construction Complete

For more information about this or other HCP projects, please visit www.harborlightcp.org or contact Andrew DeFranza, Executive Director, at adefranza@harborlightcp.org or 978-922-105 x 207



Harborlight
Community
Partners

Boston Street Crossing, Salem

Project Highlights

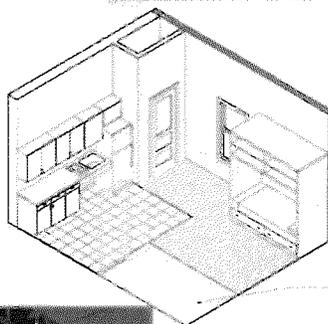
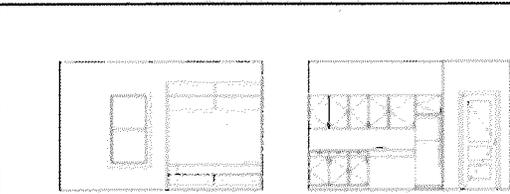
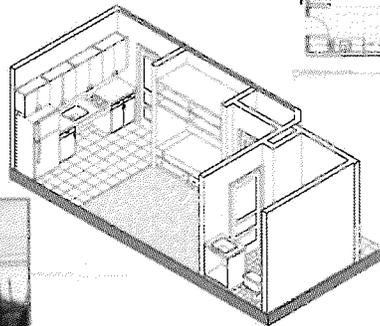
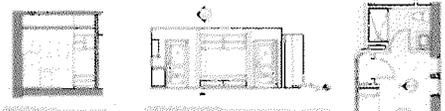
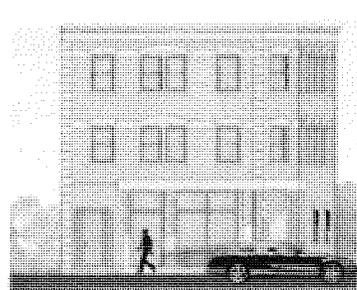
Boston Street Crossing is a response to the need for supportive housing for formerly homeless individuals and is connected to the regional needs as directed from the Mayors Regional Homelessness Task Force.

The Boston Street Crossing vision:

- 26 Studio apartments for independent living
- 43 Boston Street: 12 Units 179 Boston Street: 14 Units for a total of 26 New Units
- Permanent Supportive Housing
- Improved property management
- Collaboration with Lifebridge of Salem to provide case management and supportive services
- Significant investment in two older buildings with updates and renovations, inside and out
- Will add to the tax base of the Salem community (HCP pays property taxes in our host communities)

Project Partners:

Siemasko + Verbridge
 Lifebridge
 Boston Private
 Institution for Savings
 MHIC
 MassDevelopment
 CEDAC
 DHDC
 North Shore Home Consortium
 City of Salem HOME
 City of Salem CPC



Anticipated TIMELINE

Negotiated purchase of buildings, met with public officials/ community groups, Spring/Summer 2015

Due diligence Summer 2015 & secured permit, Fall 2015

Received funding from State and local partners, Summer 2016

Projected construction start, April 2017

Projected project completion and occupancy, Spring 2018

For more information about this or other HCP projects, please visit www.harborlightcp.org or contact Andrew DiBartolotta, Executive Director, at adibartolotta@harborlightcp.org or 978-927-1105 x 207.

Andrew DeFranza

Education

M.S. Community Economic Development *Southern New Hampshire University*

M.A. Theology: Social Ethics *Gordon-Conwell Theological Seminary*

- Social Ethics Award recipient
- Magna Cum Laude

Continuing Certified Credit Compliance Professional C⁴P in the Low Income Housing Tax Credit Program, Spectrum Seminars, Inc.

Honors

Peter J. Gomes Service Award-Congressman Moulton (2016)

Community Partners Special Recognition Award-Senior Care (2016)

Ann Gelbspan Partners in Community Award-WIHED (2016)

MHIC Excellence in Affordable Housing Award (2014) (With HCP)

River House Hero Award (2013)

North Shore 100 (2009)

Milwaukee Urban League Young Professionals: Community Achiever Award

North Shore United Way Unsung Hero Award (2004)

Mass Dept of Public Health Outstanding Outreach Educator Award (2004)

Professional Experience

Executive Director

Harborlight Community Partners (2007-present)

As Executive Director of Harborlight Community Partners I took over a group of related non profits and guided them through a merger process to sharpen commitment to mission and create an organizational infrastructure capable of creating and managing affordable housing on a more regional basis. In 2009 HCP then merged in three other local affordable housing entities, refinanced their portfolio with a tax exempt bond and provided capital improvements. In 2011 HCP opened the first community supported affordable housing project in Hamilton MA and closed on a preservation transaction to protect the affordable elderly housing at Pigeon Cove Ledges in Rockport. In 2012 HCP merged in the Community Land Trust of Cape Ann, partnered with Marblehead Community Housing Corp., and contracted with the River House Shelter to salvage and revitalize their struggling homeless shelter and permanent housing program. In 2013 we partnered with the Women's Institute for Housing and Economic Development to manage three other supportive housing buildings. We have been consistently structuring effective and creative transactions to build, preserve, and renovate affordable housing in the region. Currently we operate or support 414 units of housing in 9 communities with an active pipeline. We recently finished a refinancing and occupied renovation of Harborlight House, a unique model for service enriched housing for fixed income seniors. In 2016 Congressman Seth Moulton kindly provided me with the inaugural Peter J. Gomes Service Award.

Executive Director

Guest House—Milwaukee, WI (2005-2007)

As Executive Director I oversaw the restructuring and resurgence of a failing agency. I reorganized the staffing pattern and delivery service mechanisms eventually having responsibility for 25-30 staff and another 25-35 partners who provided service to homeless men in our emergency shelter, transitional housing, permanent supportive housing, addiction treatment, and Safe Haven programs. Between the spring of 2005 and early 2007 we added 74 slots of permanent supportive housing for homeless disabled men. During this time we also increased our annual budget size 200%, to over \$3,000,000, while maintaining a surplus each year. I supervised the financial and budget systems while managing 13 government contracts along with a myriad of private grants significantly increasing our revenue support from Federal, County, State and private sources. I was responsible for the majority of the fundraising efforts including significant writing and extensive public speaking. I represented the agency to public institutions, politicians, civic groups, faith based entities, and partner organizations. I was responsible for interacting with the board and providing vision, strategic direction, and planning for the overall agency. My final venture involved bringing a 24 unit permanent supportive housing facility to Milwaukee utilizing low income housing tax credits and a variety of funding sources via a partnership with Heartland Alliance.

Community Outreach Director

Beverly Bootstraps—Beverly, MA (1999-2004)

In this role I was grateful for the opportunity to work on many different levels within the world of community development and social services on Boston's North Shore. Among other things I ran the first winter shelter in the City, created a program to provide low-income children with school supplies, and started a free tax clinic for local residents. While much of my time was spent on case and crisis management for hundreds of low-income families and individuals, I was also responsible for the development, budgeting and operation of various empowerment programs. In this process I supervised the work of other staff members, interns, and many volunteers. In partnership with others I also participated in strategic planning and diverse development activities including public speaking, grant writing, and fund-raising events. One of my greatest strengths in this role was my ability to network with other social service agencies, city officials, government offices, police, businesses and educational institutions both public and private. As the Community Outreach Director I interacted with people from an array of income, ethnic and power groups in an attempt to improve the quality of life for low income families and individuals.

KRISTIN CARLSON

SUMMARY

Real estate professional with more than 15 years of experience in development, architecture and construction, seeking project management role within the real estate development industry. Licensed architect with strong leadership skills and experience with multiple project types, including affordable multi-family housing. Excellent communication, quantitative and analytical skills, and ability to coordinate large project teams. Experience in real estate financial modeling, asset management, zoning and permitting, and market research.

EDUCATION

- 2011 **Massachusetts Institute of Technology** Cambridge, MA
Master of Science in Real Estate Development and Master of City Planning
- 1998 **Syracuse University, School of Architecture** Syracuse, NY
Bachelor of Architecture, cum laude

EXPERIENCE

- 2016 - present **Harborlight Community Partners** Beverly, MA Senior Project Manager
- Work with Executive Director on multiple affordable housing development projects. Responsible for implementation of new projects, including feasibility studies, management of design and construction consultants, applications for funding, closings, construction, and working with lease-up staff. Projects include new construction, renovation, and refinancing.
- 2012 - 2016 **Neighborhood of Affordable Housing** East Boston, MA Project Manager
- Managed multiple development projects, including new construction, historic renovations, and refinancing. Project lead on a \$32.5 million mixed-income, mixed-use new construction project. Created proformas for new prospects, and coordinate RFPs. Prepared financing applications and source funding, and assisted Development Director with all stages of current projects.
- 2011 - 2012 **Wells Fargo Bank - Community Lending & Investing** Boston, MA Tax Credit Asset Manager
- Managed a portfolio of approximately 70 affordable housing and historic tax credit properties. Responded to general partner requests including refinancing and disposition. Monitored and reported on financial performance and compliance, and worked with general partners to resolve various issues.
- May - July 2011 **Initiative for a Competitive Inner City** Boston, MA Senior Consultant
- Hired for temporary role in MacArthur-funded research project, examining the role of the construction and development industries in inner city economic development.
 - Performed original research and co-wrote final paper.
- Summer 2010 **The Community Builders** Boston, MA Development Intern
- Worked closely with the senior vice president on prospecting new deals under the federal Neighborhood Stabilization Program (NSP2). Tasks included broker contact and market research.
 - Led intern team in developing and writing substantial amendment to HUD grant application.
 - Compiled database on banks' Community Redevelopment Act investment activities.
- Summer 2009 **Jonathan Rose Companies** New York, NY Development Intern
- Assisted with closing documents, researched solar tax credits and coordinated the arts component of a competition-winning 200-unit green, affordable housing development.
 - Coordinated schedule for marketing and lease-up of a new 85-unit mixed-income housing development.
 - Led architectural coordination for a new, LEED Silver 46-unit affordable housing development. Prepared closing due diligence documents and revised the proforma.
- 2006 - 2008 **CBT Architects** Boston, MA Project Architect
- Led a 10-person architectural and consultant team in the \$20M gut renovation of a Class A office tower lobby and adjacent plaza, designed to reposition the building.
 - Coordinated senior designers and junior staff within a collaborative team to produce schematic designs for four new dormitory buildings at Champlain College.
- 2002 - 2006 **Durkee Brown Viveiros and Werenfels** Providence, RI Project Manager
- Led a 10-person architectural and consultant team in the design, coordination and construction documentation for a new 40-unit affordable housing development. Worked closely with the partner in charge to resolve complex wetlands site issues and bring the project through public hearings.
 - Directed zoning research and urban design for the redevelopment of several city blocks to provide 30 new units of infill housing.
- 2001 - 2002 **Barr and Barr Builders** Boston, MA Field Engineer
- Coordinated, scheduled and supervised structural, MEP and finish trades in the \$25M renovation of the 150-year old Boston Athenaeum Library. Prepared, coordinated and reviewed RFIs and managed communications with the architects.

2000 - 2001

Americorps, Portland Habitat for Humanity Portland, OR

Team Leader

- Created a timeline for future housing development projects, coordinating land acquisitions with the requirements of varied funding sources.
- Led up to 20-person groups of volunteers on housing construction sites through all phases of construction.

1999 - 2000

Schwartz/Silver Boston, MA

Design

- Worked with a 15-person architectural and consultant team in the design and construction documentation for the renovation of the Boston Athenaeum Library. Led structural coordination and assisted project manager during construction.

HONORS AND AFFILIATIONS

- Assistant Treasurer, Saint Michael's Episcopal Church, Marblehead
- Licensed Architect
- LEED Green Associate
- First Place, Boston Home Loan Bank Affordable Housing Development Competition
- Instructor, Boston Architectural Center, foundation and graduate level architectural design studios
- Twice ran the Boston Marathon with the Leukemia and Lymphoma Society
- Outward Bound School, sailing and backpacking, student and volunteer

HARBORLIGHT COMMUNITY PARTNERS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

HARBORLIGHT COMMUNITY PARTNERS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harborlight Community Partners, Inc.

We have audited the accompanying financial statements of Harborlight Community Partners, Inc., which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harborlight Community Partners, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

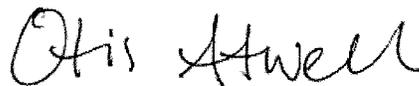
Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information reported on pages 34 to 40 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2018 on our consideration of Harborlight Community Partners, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harborlight Community Partners, Inc.'s internal control over financial reporting and compliance.



Certified Public Accountants

April 10, 2018
South Portland, Maine
Employer Identification No: 20-3690847
Engagement Partner: Bridget Sylvester

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS

	2017	2016
Current Assets		
Cash - Unrestricted (Note 11)	\$ 1,025,984	\$ 852,803
Cash - Reserves and Mortgage Escrows (Notes 5 and 11)	3,307,060	3,027,634
Unrestricted Investment (Note 13)	1,277,253	1,071,449
Tenant Security Deposits (Note 11)	101,472	112,697
Accounts Receivable - Tenants	23,206	25,560
Accounts Receivable - Related Party (Note 7)	24,402	32,481
Accounts Receivable - Other (Note 7)	106,356	115,688
Prepaid Expenses	94,413	98,474
Unconditional Promise to Give, Current Maturities (Note 14)	57,600	-
Total Current Assets	6,017,746	5,336,786
Property and Equipment (Note 3)		
Land and Site Improvements	4,288,297	4,096,420
Buildings Held for Rent	36,371,678	34,768,866
Furniture and Equipment	735,695	724,361
Motor Vehicles	100,848	60,815
Construction in Progress	3,830,299	1,393,741
Total	45,326,817	41,044,203
Less Accumulated Depreciation	4,989,933	3,965,803
Total Property and Equipment	40,336,884	37,078,400
Other Assets		
Tax Credit Fees (net of Accumulated Amortization of \$8,372 and \$5,708 in 2017 and 2016, respectively)	31,518	34,182
Unconditional Promise to Give, Less Current Maturities (Note 14)	163,328	-
Total Other Assets	194,846	34,182
TOTAL ASSETS	\$ 46,549,476	\$ 42,449,368

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2017 and 2016

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Current Liabilities		
Accounts Payable (Note 7)	\$ 54,820	\$ 127,533
Accounts Payable - Construction	627,504	211,844
Accrued Expenses	155,853	145,543
Accrued Interest	150,939	163,762
Tenant Security Deposits	100,412	100,039
Prepaid Rent	1,250	19,475
Current Portion of Long-Term Debt	338,879	595,354
Total Current Liabilities	1,429,657	1,363,550
Long-term Liabilities (Note 3)		
Long-term Debt	33,692,753	30,069,641
Deferred Interest	131,484	68,048
Development Advance	150,000	150,000
Less Debt Issuance Costs	(185,495)	(198,948)
Total Long-term Liabilities	33,788,742	30,088,741
TOTAL LIABILITIES	35,218,399	31,452,291
NET ASSETS		
Unrestricted - Controlling	5,984,667	5,575,000
Unrestricted - Noncontrolling (Note 1)	5,236,799	5,291,332
Temporarily Restricted (Note 2)	109,611	130,745
Total Net Assets	11,331,077	10,997,077
TOTAL LIABILITIES AND NET ASSETS	\$ 46,549,476	\$ 42,449,368

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Housing Management Revenue	\$ 184,005	\$ -	\$ 184,005
Housing Operations Revenue	4,169,057	-	4,169,057
Social Service Revenue	22,016	-	22,016
Fundraising Revenue	827,166	(21,134)	806,032
Development Income	281,548	-	281,548
Interest Income	215,501	-	215,501
Total Revenue	<u>5,699,293</u>	<u>(21,134)</u>	<u>5,678,159</u>
Expenses			
Administrative Expenses	287,155	-	287,155
Housing Operations and Development Expenses	5,092,967	-	5,092,967
Social Service Expenses	114,362	-	114,362
Fundraising Expenses	229,582	-	229,582
Total Expenses	<u>5,724,066</u>	<u>-</u>	<u>5,724,066</u>
Change in Net Assets - Controlling	<u>409,667</u>	<u>(21,134)</u>	<u>388,533</u>
Change in Net Assets - Non-Controlling	(434,440)	-	(434,440)
Distributions	(19,838)	-	(19,838)
Capital Contributions to LLC	<u>399,745</u>	<u>-</u>	<u>399,745</u>
Total Change in Net Assets - Non-Controlling	<u>(54,533)</u>	<u>-</u>	<u>(54,533)</u>
Total Change in Net Assets	355,134	(21,134)	334,000
Net Assets, Beginning of Year	<u>10,866,332</u>	<u>130,745</u>	<u>10,997,077</u>
Net Assets, End of Year	<u>\$ 11,221,466</u>	<u>\$ 109,611</u>	<u>\$ 11,331,077</u>

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Housing Management Revenue	\$ 267,040	\$ -	\$ 267,040
Housing Operations Revenue	3,979,878	-	3,979,878
Social Service Revenue	24,027	-	24,027
Fundraising Revenue	645,963	32,102	678,065
Development Income	1,394,699	-	1,394,699
Interest Income	140,043	-	140,043
Total Revenue	<u>6,451,650</u>	<u>32,102</u>	<u>6,483,752</u>
Expenses			
Administrative Expenses	236,702	-	236,702
Housing Operations and Development Expenses	5,460,678	-	5,460,678
Social Service Expenses	88,121	-	88,121
Fundraising Expenses	220,141	-	220,141
Total Expenses	<u>6,005,642</u>	<u>-</u>	<u>6,005,642</u>
Change in Net Assets - Controlling	<u>1,377,115</u>	<u>32,102</u>	<u>1,409,217</u>
Change in Net Assets - Non-Controlling (Note 1)	(931,107)	-	(931,107)
Distributions	(3,427)	-	(3,427)
Capital Contributions to LLC	<u>1,323,112</u>	<u>-</u>	<u>1,323,112</u>
Total Change in Net Assets - Non-Controlling	<u>388,578</u>	<u>-</u>	<u>388,578</u>
Total Change in Net Assets	1,765,693	32,102	1,797,795
Net Assets, Beginning of Year	<u>9,100,639</u>	<u>98,643</u>	<u>9,199,282</u>
Net Assets, End of Year	<u>\$ 10,866,332</u>	<u>\$ 130,745</u>	<u>\$ 10,997,077</u>

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ (45,907)	\$ 478,110
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,026,794	922,223
Amortization of Debt Issuance Costs	13,453	538,398
Deferred Interest Expense	63,436	27,207
Changes in Assets and Liabilities:		
Accounts Receivable - Tenants	2,354	(20,103)
Accounts Receivable - Related Party	8,079	(24,751)
Other Receivables	9,332	(69,549)
Prepaid Expenses	4,061	3,773
Donations Receivable	(220,928)	-
Accounts Payable	(72,713)	(289,281)
Accrued Expenses	10,310	1,504
Accrued Interest	(12,823)	16,875
Tenant Security Deposits and Accrued Interest	11,598	618
Prepaid Rent	(18,225)	19,176
Net Cash Provided by Operating Activities	778,821	1,604,200
Cash Flows from Investing Activities:		
Net Withdrawals from (Deposits to) Restricted Cash	(279,426)	3,025,677
Purchases of Property and Equipment	(3,866,954)	(4,827,046)
Payments from Note Receivables	-	118,149
Investment Account Activity	(205,804)	(1,071,449)
Net Cash Used by Investing Activities	(4,352,184)	(2,754,669)
Cash Flows From Financing Activities:		
Long-term Debt Proceeds	4,348,749	14,169,607
Principal Payments on Long-term Debt	(982,112)	(14,137,655)
Capital Contributions to LLC	399,745	1,323,112
Distributions	(19,838)	(3,427)
Payments of Financing Fees	-	(88,009)
Development Advance	-	75,000
Net Cash Provided by Financing Activities	3,746,544	1,338,628
Net Increase in Cash	173,181	188,159
Cash at Beginning of Year	852,803	664,644
Cash at End of Year	\$ 1,025,984	\$ 852,803
Supplemental Disclosure of Cash Flows Information:		
Cash Paid During the Year for:		
Interest	\$ 693,525	\$ 725,907

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities - Harborlight Community Partners, Inc. (Harborlight) is a Massachusetts nonprofit corporation formed to develop, maintain and operate affordable housing for low to moderate income families. Harborlight currently owns, manages or supports 372 residential units which are home to over 500 working families, fixed income elders and those with disabilities. They also manage one commercial space for Acord Food Pantry, a local food pantry.

Basis of Consolidation - The accompanying consolidated financial statements include the accounts of Harborlight, Firehouse Place, Inc., Rockport Affordable Housing, Inc., and Marblehead Community Housing Corporation; not-for-profit entities related through common control. Harborlight is the sole member of Whipple Annex Housing, LLC. Turtle Creek Housing MM LLC is the managing member in Turtle Creek Housing LLC, which Harborlight has a controlling interest. Harborlight House MM LLC is the managing member in Harborlight House LLC, which Harborlight has a controlling interest. Harborlight is the sole member of Maple Woods Housing, LLC, Granite Street Crossing, LLC, and Anchor Point LLC. Boston Street Crossing MM LLC is the managing member in Boston Street Crossing LLC, which Harborlight has a controlling interest. Harborlight is also the investor member of Boston Street Crossing LLC. These entities are included in the consolidated financial statements. Pigeon Cove is wholly owned by Harborlight; and its operations are included in the consolidation. All significant inter-company transactions and balances are eliminated in consolidation.

Non-Controlling Interest in Affiliates - The non-controlling interest represents the 99.99% investor member interests in Turtle Creek Housing, LLC and Harborlight House, LLC which are included in the consolidated financials.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Development Fee Income - Development fees are received at several stages during a project's completion, including construction loan closing, permanent loan closing, lease up, and stabilization. The developer fees at these milestones are generally funded by third-parties as investor equity or project debts, and as such, are recorded as Development Fee revenue and capitalized to Property and Equipment. To the extent the investor equity or project debt does not cover the full developer fee, the Organization records a deferred developer fee, which is expected to be paid from ongoing property operations, primarily in the form of surplus cash. Any such payment of deferred developer fee from owned and affiliated properties constitutes a related party transaction and is eliminated in consolidation.

Income Taxes - Harborlight is exempt from income tax liabilities under Section 501(c)(3) of the Internal Revenue Code.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to material tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Corporation are subject to examination by the Internal Revenue Service for a period of three years. While no informational returns are currently being examined by the Internal Revenue Service, the three previous tax years remain open. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

No provision for taxes on income is made on the Turtle Creek Housing, LLC, Whipple Annex Housing, LLC, Harborlight House, LLC, Maple Woods Housing, LLC, Granite Street Crossing, LLC, Boston Street Crossing, LLC, and Anchor Point, LLC financial statements since, as a Partnership or Limited Liability Company, all taxable income and losses are allocated to the partners or members for inclusion in their respective income tax returns.

A low income housing tax credit pursuant to Internal Revenue Code Section 42 has been allocated to Turtle Creek Housing, LLC and Harborlight House, LLC. This credit is allocated to the partners for inclusion in their respective tax returns. Certain units must be maintained as a low income rental project to realize the tax credit. If these units are not low income, adverse tax consequences will occur.

Cash - For purposes of reporting cash flows, cash includes cash on hand and amounts due from banks. The statement of cash flows does not include tenant security deposits in cash. These funds are held in trust and may be returned to the tenants.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Debt Issuance Costs - Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the term of the debt using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the balance sheet.

Contributions - Contributions are recognized when the donor makes a promise to give to Harborlight that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Functional Allocation of Expenses - The costs of providing various programs and supporting activities have been summarized on a functional basis in the statement of activities and the supplementary information to the financial statements. Accordingly, certain costs have been allocated between the programs and supporting services.

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

Subsequent Events - Subsequent events have been evaluated through April 10, 2018, the date the financial statements were available to be issued.

NOTE 2 - RESTRICTED NET ASSETS

Temporarily Restricted Net Assets - Certain net assets are subject to donor restrictions. These net assets will be released from the imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donor.

	Temporarily Restricted at December 31, 2015	Increase/ (Released) During 2016	Increase/ (Released) During 2017	Temporarily Restricted at December 31, 2017
Moving Partners Fund	\$ 5,384	\$ -	\$ (5,384)	\$ -
Harborlight House	93,259	-	-	93,259
Properties in Development	-	16,352	-	16,352
Resident Fund	-	15,750	(15,750)	-
	<u>\$ 98,643</u>	<u>\$ 32,102</u>	<u>\$ (21,134)</u>	<u>\$ 109,611</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT

Long-term debt consisted of the following:

	2017	2016
<u>Harborlight Community Partners, Inc. - 9 Beckford Street</u> Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in December 2023. This note is secured by property.	\$ 25,000	\$ 25,000
<u>Harborlight Community Partners, Inc. - 5 Chase Street</u> Promissory Note Payable - Home Improvement Deferred Loan Program (HIDL), non-interest bearing, deferred declining balance loan, with the unpaid balance forgiven in September 2019. The loan shall be due in full in the event of a default or breach on the note conditions. This note is secured by the property.	60,000	60,000
Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in December 2040. This note is secured by property.	78,100	78,100
<u>Harborlight Community Partners, Inc. - 8-10 Dodge Street</u> Promissory Note Payable - People's United Bank, with interest at 4.1%, principal and interest due in monthly payments of \$896 until September 2022, when all unpaid principal is due. The loan is secured by property. The loan was paid off from a refinancing with North Shore Bank.	-	55,073
Promissory Note Payable - Community Economic Development Assistance Corp. (CEDAC), non-interest bearing, the entire unpaid balance shall be due and payable in full in June 2032, as long as the property remains affordable to low income tenants. Principal payments in excess of 115% of Gross Cash Expenditures are payable within 45 days of the calendar year end.	238,026	238,026
Promissory Note Payable - Community Development Block Grant Loan Program, non-interest bearing, repayment of principal is forgiven unless property does not remain affordable low income housing.	100,000	100,000
Promissory Notes Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in August 2039. This note is secured by the property.	150,000	150,000
Promissory Note Payable - North Shore Bank, with interest at 4.25% until 2027, thereafter the interest will adjust to the current FHL Bank rate plus 2%, with a minimum rate of 4.25% and a maximum rate of 6.5%. Principal and interest due in monthly payments of \$736 until January 2037, when all unpaid principal and interest is due. The loan is secured by the property.	132,092	-

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	2017	2016
<u>Harborlight Community Partners, Inc. - 24 Home Street</u> Promissory Note Payable - North Shore Home Consortium (NSHC), non-interest bearing, the entire unpaid balance shall be due and payable in full in July 2023. This note is secured by the property.	140,000	140,000
<u>Harborlight Community Partners, Inc. - 7 Pleasant Street</u> Promissory Note Payable - Boston Private Bank & Trust, with interest at 6.07%, principal and interest due in monthly payments of \$396 until August 2021, when all unpaid principal is due. The loan is secured by property.	59,162	60,239
Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. This note is secured by property.	90,000	90,000
<u>Harborlight Community Partners, Inc. - 21 River Street</u> Promissory Note Payable - NSHC, non-interest bearing. Payments are due upon default. This note is secured by the property.	65,000	65,000
<u>Harborlight Community Partners, Inc. - 11 Union Street</u> Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in December 2041. This note is secured by property.	101,000	101,000
<u>Harborlight Community Partners, Inc. - Boston St. Crossing</u> Promissory Note Payable - Community Economic Development Assistance Corporation, with simple interest at 7%, the unpaid balance was due and payable upon permanent financing, which occurred in 2017.	-	84,150
<u>Harborlight Community Partners, Inc. - Granite Street</u> Promissory Note Payable - Community Economic Development Assistance Corporation, with 6% interest, principal and accrued interest is due July 28, 2018. The loan is secured by a mortgage on the property. The total amount available to be disbursed is \$376,000. An additional amount of \$56,648 was available to be disbursed during 2017.	376,000	319,352
Promissory Note Payable - Local Initiatives Support Corporation, with 4% interest, principal and accrued interest is due July 28, 2018. The loan is secured by a mortgage on the property.	188,000	188,000

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	2017	2016
<u>Harborlight Community Partners, Inc. - Predevelopment Line of Credit</u>		
Promissory Note Payable - The Life Insurance Community Investment Initiative, LLC, with interest at 6%, payable in monthly interest only installments until June 1, 2019 when any unpaid principal and interest is due. The total amount available to be disbursed is \$500,000.	237,500	196,267
<u>Pigeon Cove</u>		
Mortgage Notes Payable (3) - USDA, Rural Development with market rate interest at 3.25% per annum. USDA, Rural Development, under Section 515 of the Housing Act, is committed to issue monthly interest credits totaling \$4,727 so as to reduce the principal and interest payments to an amount equivalent to a loan at a basic interest rate of 1%. For both financial statement and tax purposes, the mortgage notes are being amortized using the market interest rate. The USDA, Rural Development interest credits are reduced by rent collections in excess of basic contract rents. Monthly payments totaling \$7,976 for the three notes reflect a 50-year amortization at 1%. The final installments are due January 2042. The note is secured by real estate and personal property.	3,565,407	3,601,318
Promissory Note Payable - North Shore HOME Consortium (NSHC), without interest. Payments of principal are deferred until January 2041. The loans are secured by a mortgage deed on the property.	150,000	150,000
Promissory Note Payable -Town of Rockport (HOME Loan), without interest. Payments of principal are deferred until January 2041. The loans are secured by a mortgage deed on the property.	72,764	72,764
<u>Whipple Annex Housing, LLC</u>		
Mortgage Note Payable - North Shore Bank, with interest at 3%, monthly payments of principal and interest of \$3,619 until May 2027 when all unpaid principal is due. The loan is secured by the property.	355,215	387,313

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	2017	2016
Mortgage Note Payable - North Shore Bank, with interest recast and fixed every five years, at the Federal Home Loan Bank of Boston Classic Advance Rate plus 2.5%, currently 4.22% at both December 31, 2017 and 2016. Monthly payments of principal and interest of \$613 until March 2026 when all unpaid principal and interest is due. The loan is secured by the property.	47,946	52,762
Promissory Note Payable - DHCD, non-interest bearing, the entire unpaid balance shall be due and payable in full in March 2036. The loan is secured by the property.	500,000	500,000
Promissory Note Payable - Commonwealth of Massachusetts (DHCD), non-interest bearing, the entire unpaid balance shall be due and payable in full in March 2056. The loan is secured by the property.	500,000	500,000
Promissory Note Payable - Federal Home Loan Bank, non-interest bearing, the entire unpaid balance shall be deemed payable in May 2022. The loan is secured by the property.	300,000	300,000
Promissory Note Payable - CEDAC, non-interest bearing, the entire unpaid balance shall be due and payable in full in May 2037. The loan is secured by the property.	201,993	201,993
Promissory Note Payable - Town of Ipswich (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in May 2105. The loan is secured by the property.	115,000	115,000
Promissory Note Payable - NSHC (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in May 2104. The loan is secured by the property.	75,000	75,000
<u>Firehouse Place, Inc.</u>		
Promissory Note Payable - The First Baptist Church in Beverly, with interest at 6%, monthly payments of principal and interest of \$1,003 until February 2031 when all unpaid principal is due. The loan is secured by the property, and guaranteed by the Organization.	109,380	114,679
Promissory Note Payable - Department of Housing and Community Development (DHCD) through the Affordable Housing Trust Fund, non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. The Corporation can draw up to \$210,000 on the note. The loan is secured by the property.	200,000	200,000

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	2017	2016
Promissory Notes Payable - Community Economic Development Assistance Corporation, non-interest bearing, annual payments equal to the excess of gross receipts that exceed 105% of gross cash expenditures. The entire unpaid balance shall be due and payable in full in October 2041. The loan is secured by the property. Additional funding up to \$317,000 has been granted.	307,000	307,000
Promissory Note Payable - North Shore HOME Consortium (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. The loan is secured by the property.	220,000	220,000
Promissory Note Payable - Town of Hamilton (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. The loan is secured by the property.	65,720	65,720
<u>Rockport Affordable Housing, Inc.</u> Mortgage Note Payable - USDA, Rural Development with market rate interest at 3.75% per annum. USDA, Rural Development, under Section 515 of the Housing Act, is committed to issue monthly interest credits of \$1,377 so as to reduce the principal and interest payments to an amount equivalent to a loan at a basic interest rate of 1%. For both financial statement and tax purposes, the mortgage note is being amortized using the market interest rate. The USDA, Rural Development interest credits are reduced by rent collections in excess of basic contract rents. Monthly payments of \$1,854 reflect a 50-year amortization at 1%. The final installment is due December 2043. The note is secured by real estate and personal property.	849,184	855,971
Promissory Note Payable - Town of Rockport, with interest at 0.5% per annum, the entire unpaid balance shall be due and payable in full in December 2040. The loan is secured by the property.	390,400	390,400
Promissory Note Payable - Department of Housing and Community Development (DHCD) through the Housing Stabilization Fund Rehabilitation Initiative, non-interest bearing, the entire unpaid balance shall be due and payable in full in December 2043. The loan is secured by the property.	450,000	450,000

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	2017	2016
Promissory Note Payable - Cape Ann Savings Bank, with interest at 4.5% per annum, monthly payments of principal and interest of \$1,013 until December 2043 when all unpaid principal and interest is due. The loan is secured by a mortgage deed on the property.	186,733	190,286
Promissory Note Payable - North Shore HOME Consortium (NSHC), without interest. Payments of principal are deferred until December 2043. The loan is secured by a mortgage deed on the property, and can be drawn up to \$500,000.	500,000	500,000
Promissory Note Payable - North Shore HOME Consortium (NSHC), without interest. Payments of principal are deferred until November 2043. The loan is secured by a mortgage deed on the property.	35,300	35,300
<u>Turtle Creek Housing, LLC</u>		
Mortgage Note Payable - Red Mortgage Capital, LLC, which bore interest at 4.8% per annum, with monthly payments of principal and interest of \$50,742 until December 2048. During 2016, the note was refinanced and bears interest at 4.05% per annum, with monthly payments of principal and interest of \$45,975 until June 2051. The mortgage note is HUD insured under Section 223(f), which provides mortgage insurance for the purchase or refinancing of existing elderly housing projects. The note is secured by the real estate and personal property.	10,106,420	10,245,729
Surplus Cash Note Payable (Seller Acquisition Loan) - The First Baptist Church in Beverly (formerly the First Baptist Beverly Housing for the Elderly, Inc.) which bears interest at 3.37% per annum. The note is secured by real estate and personal property. Principal and interest are payable annually based on a 50 year amortization schedule, within 120 days of the fiscal year end, payable only from surplus cash. The balance of unpaid principal and interest is due in full on November 1, 2063.	2,638,000	2,660,944
Surplus Cash Note Payable - The First Baptist Church in Beverly (formerly the First Baptist Beverly Housing for the Elderly, Inc.), non-interest bearing, payments may be paid from excess surplus cash. The note is secured by real estate and personal property. The balance of unpaid principal is due in full on November 1, 2063.	439,710	439,710

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	2017	2016
Promissory Note Payable - North Shore HOME Consortium (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in November 2048. The loan is secured by the property.	64,724	64,724
Promissory Note Payable - Kelly Ford, Inc., with interest of 7.74% per annum, monthly payments of principal and interest of \$749 until August 2022, when all unpaid principal and interest are due. The loan is secured by a motor vehicle.	35,123	-
<u>Marblehead Community Housing Corporation</u> Promissory Note Payable - Massachusetts Housing Partnership Fund Board, non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2054. The loan is secured by the property.	260,000	260,000
Mortgage Note Payable - National Grand Bank, which bears interest at 5.25% per annum, with monthly payments of principal and interest of \$876 until April 2034. The note is secured by the property.	115,494	119,735
Promissory Note Payable - Federal Home Loan Bank of Boston, non-interest bearing, and will be deemed paid in full at the end of the 15 year AHP Agreement compliance period. The loan is secured by real estate.	84,000	84,000
Promissory Note Payable - North Shore HOME Consortium, non-interest bearing, the entire unpaid balance shall be due September 2023. The loan is secured by the property.	100,000	100,000
<u>Harborlight House LLC</u> Promissory Note Payable – was payable to East Boston Savings Bank (Trustee). The note bore interest at 2.39%, payable in monthly interest only installments until August 31, 2017 when any unpaid principal and interest was due. Under the agreement, the Massachusetts Development Finance Agency has loaned the Trustee proceeds from the sale of \$4,000,000 Multifamily Housing Revenue Bonds, Series 2015. The note was repaid in 2017 when construction was complete from proceeds from permanent financing and capital contributions.	-	230,000

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	<u>2017</u>	<u>2016</u>
Promissory Note Payable - payable to Massachusetts Housing Partnership Fund Board, as agent for the Commonwealth of Massachusetts, up to \$1,010,000, without interest. Any unpaid principal and interest are due in August 2066.	1,005,000	901,626
Promissory Note Payable - Commonwealth of Massachusetts, Department of Housing and Community Development, with interest at 2.74%. Payments of principal and interest are deferred until August 2046. The loan is secured by a mortgage deed on the property.	400,000	400,000
Promissory Note Payable - Community Economic Development Assistance Corporation. The notational note balance is \$250,000 with an interest rate of 2%. This note assumed upon acquisition of the property was adjusted to fair market value based on the Applicable Federal Rate of 2.8% at the acquisition date. Interest is being accrued at 2.8%. Payments of principal and interest are payable from available surplus cash as defined by the agreement. All unpaid principal and interest are due in full in August 2056. The loan is secured by a mortgage deed on the property.	180,795	180,795
Promissory Note Payable - North Shore Home Consortium, with interest at 2.82%. Payments of principal and interest are deferred until August 2045. The loan is secured by a mortgage deed on the property.	150,000	150,000
Promissory Note Payable - City of Beverly, with interest at 2.82%. Payments of principal and interest are deferred until August 2028. The loan is secured by a mortgage deed on the property.	50,000	50,000
Promissory Note Payable - Community Economic Development Assistance Corporation (CEDAC) HIF Loan, without interest. Payments of principal are due August 2046. The loan is secured by a mortgage deed on the property.	1,000,000	1,000,000
Promissory Note Payable - Community Economic Development Assistance Corporation (CEDAC) HPSTF Loan, without interest. Payments of principal are due August 2046. The loan is secured by a mortgage deed on the property.	1,000,000	1,000,000

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

	<u>2017</u>	<u>2016</u>
<u>Boston Street Crossing LLC</u>		
Construction Note Payable - Boston Private Bank, in the original amount of up to \$3,635,000, the note bears interest on each draw at a rate equal to 2.708%, interest only payments due until August 2019.	1,113,680	-
Mortgage Construction Note Payable - Boston Private Bank, with interest at 2.708%, monthly interest only payments until August 2019. Beginning September 2019, the rate shall increase to 4.22% and monthly payments of principal and interest shall be due until August 2035.	150,000	-
Mortgage Note Payable - CEDAC, non-interest bearing, in an amount up to \$1,400,000. A payment is due within 120 days of completion of construction in an amount equal to Excess Principal Advances, as defined by the agreement. In addition, 45 days after year end, commencing in 2019, a pro-rata payment is due, as defined by the note. All unpaid principal is due August 2048.	1,330,000	-
Mortgage Note Payable - CEDAC, non-interest bearing, in an amount up to \$592,000. A payment is due within 120 days of completion of construction in an amount equal to Excess Principal Advances, as defined by the agreement. In addition, 45 days after year end, commencing in 2019, a pro-rata payment is due, as defined by the note. All unpaid principal is due August 2048.	562,400	-
Construction Note Payable – IFS up to \$809,333, non-interest bearing, all unpaid principal is due on the earlier of the receipt of the second capital installment in accordance with the Operating Agreement or December 31, 2018.	505,833	-
	<u>\$32,528,101</u>	<u>\$29,122,976</u>

In addition to the terms described above, many of the loans included in long-term debt have covenants that require premature payment if properties purchased with the loan proceeds are not occupied by, and affordable to, low-income households.

Boston Street Crossing, LLC has also entered into loan agreements with Boston Private Bank, MassHousing, DHDC, Massachusetts Housing Partnership Funds Board, the City of Salem, and the City of Peabody for a total of \$3,912,408. None of these funds had been drawn as of December 31, 2017.

The Organization entered into a bond payable with Massachusetts Development Finance Agency (MDFFA) in the amount of \$1,724,506.

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

The bond payable at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Bond Payable, with 3.75% interest. Monthly principal and interest payments of \$8,038 due until August 2021. The bond is secured by the real estate and personal property (various HCP property locations). In addition, certain covenants are required to be met as defined in the Bond Purchase Agreement.	<u>\$ 1,503,531</u>	<u>\$ 1,542,019</u>

Aggregate maturities of long-term debt are as follows:

2018	\$ 338,879
2019	1,867,185
2020	923,871
2021	1,717,825
2022	294,132
Thereafter	28,889,740
Total	\$ 34,031,632

Deferred interest payable of loans of Harborlight Community Partners, Inc., Rockport Affordable Housing, Inc. and Harborlight House, LLC at December 31, 2017 and 2016 were as follows:

	2017	2016
Promissory Note Payable - DHCD	\$ 25,573	\$ 14,613
Promissory Note Payable - CEDAC	51,659	6,775
Promissory Note Payable - NSHC	9,870	5,640
Promissory Note Payable - City of Beverly	3,290	1,880
Promissory Note Payable - Town of Rockport	41,092	39,140
	\$ 131,484	\$ 68,048

Development Advance - During both 2016 and 2014, the Organization received advances of \$75,000 from a local donor. During 2014, the funds were received to support the Maple Woods project. The funds received during 2016 were related to future predevelopment work. All funds will be repaid at a time that is mutually agreeable to both parties. At both December 31, 2017 and 2016, \$150,000 of the advance remained outstanding.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 4 - RENTAL ASSISTANCE AGREEMENTS

The U.S. Department of Housing and Urban Development (HUD) has contracted with Whipple Annex Housing, LLC under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the Company on behalf of qualified tenants. The HAP contract provides rental subsidies for 8 of the units. During 2017 and 2016, rental subsidies totaled \$89,999 and \$94,990, respectively. The project may not increase rents charged to tenants without HUD approval.

The U.S. Department of Housing and Urban Development (HUD) has contracted with Firehouse Place, Inc. under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the Corporation on behalf of qualified tenants. The contract is administered and monitored by Community Teamwork, Inc. The contract provides rental subsidies for 4 of the residential units. During 2017 and 2016, rental subsidies totaled \$40,368 and \$39,761, respectively. The project may not increase rents charged to tenants without HUD approval.

The U.S. Department of Housing and Urban Development (HUD) has contracted with Turtle Creek Housing, LLC under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the Corporation on behalf of qualified tenants. The contract provides housing assistance payments to the Company on behalf of qualified tenants. Effective November 19, 2017 annual contract rents equal \$1,871,328. Under the Regulatory Agreement, the project may not increase rents charged to tenants without HUD approval.

Pigeon Cove has entered into a Rental Assistance Agreement with USDA, Rural Development which provides assistance for 30 apartment units.

Rockport Affordable Housing has entered into a Rental Assistance Agreement with USDA, Rural Development which provides assistance for 24 apartment units.

NOTE 5 - COMMITMENTS

Under the terms of the various agreements, the Organization is required to have certain restricted deposits and reserves, which are maintained by the mortgage holders and are restricted as to use. These amounts are designated to pay for construction costs incurred related to the financing received from the loans or bonds and other purposes deemed appropriate by the mortgage issuer.

In addition, the Organization was required to establish and maintain a reserve for replacements that is to be funded annually from cash receipts from operations and used for capital purchases.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 – COMMITMENTS (Continued)

Under the terms of the various agreements, Turtle Creek Housing, LLC and Harborlight House, LLC are required to make deposits to an escrow account to fund expected future costs as follows:

Replacement Reserve (Turtle Creek)	\$2,889 per month
Operating Reserve (Turtle Creek)	\$725,000 minimum balance
Operating Reserve (HLH LLC)	\$265,466 minimum balance

In accordance with the Regulatory Agreement (Turtle Creek, LLC), the new Mark up to Market Section 8 contract and the Section 8 renewal guide, surplus cash is available for distribution. Distributions will be made in accordance with the First Amended and Restated Operating Agreement. Any "surplus cash", after distributions permitted by these agreements shall be considered Residual Receipts and shall be deposited into an escrow. The escrow funds can only be drawn upon with permission of HUD. At acquisition, \$47,745 was transferred to the Company from the seller. As of December 31, 2017 and 2016, the balances were \$47,862 and \$47,818, respectively.

Under the terms of the Loan Agreements with USDA, Rural Development, the properties are required to make deposits to an escrow account to fund expected future costs as follows:

Replacement Reserve - Pigeon Cove	\$24,000 annually increasing by 1.5% per year (currently \$25,854)
Replacement Reserve - Rockport Affordable Housing	\$33,000 annually increasing by 1.9% per year (currently \$34,917)

Restricted Reserves and Mortgage Escrow Deposits were comprised of the following at December 31, 2017 and 2016:

	2017	2016
Bond Reserves	\$ 37,273	\$ 37,255
Replacement Reserves	1,446,174	1,337,341
Mortgage Escrow Accounts	84,104	83,928
Development Accounts	553,695	464,670
Operating Reserves	1,043,976	1,024,377
Other Reserves	93,976	32,245
Residual Receipts	47,862	47,818
	<u>\$ 3,307,060</u>	<u>\$ 3,027,634</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 6 - AGREEMENTS

Whipple Annex Housing, LLC granted DHCD an option to purchase the residential housing units. The purchase price of the units as of a defined exercise date shall be the then current appraised value. The Company also granted DHCD Rights of First Refusal to match any bona fide offer the Company accepts.

Firehouse Place, Inc. granted DHCD an option to purchase the residential housing units. The purchase price of the units as of a defined exercise date shall be the then current appraised value. The Corporation also granted DHCD Rights of First Refusal to match any bona fide offer the Corporation desires to accept.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Organization charges various affiliates for administrative, maintenance and development services. During 2017 and 2016, the Organization received the following from the affiliated parties:

	<u>2017</u>	<u>2016</u>
<u>Housing Management Revenue</u>		
Turtle Woods Corporation	\$ 61,419	\$ 54,612
First Baptist Church in Beverly	6,300	6,435
	<u>\$ 67,719</u>	<u>\$ 61,047</u>
<u>Housing Operations Revenue</u>		
Turtle Woods Corporation	\$ 170,045	\$ 181,329
First Baptist Church in Beverly	67,246	57,257
	<u>\$ 237,291</u>	<u>\$ 238,586</u>
<u>Social Service Revenue</u>		
Turtle Woods Corporation	\$ 23,380	\$ 24,586
	<u>\$ 23,380</u>	<u>\$ 24,586</u>
<u>Development Income</u>		
Harborlight House LLC	\$ -	\$ 869,370
Rockport Affordable Housing, Inc.	-	25,329
Boston Street Crossing LLC	281,548	-
	<u>\$ 281,548</u>	<u>\$ 894,699</u>

Amounts due from Affiliates and included in Accounts Receivable - Other at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
First Baptist Church in Beverly	\$ 4,582	\$ 5,926
Non-Related Party	101,774	109,762
	<u>\$ 106,356</u>	<u>\$ 115,688</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 7 - RELATED PARTY TRANSACTIONS (Continued)

Amounts due to Affiliates and included in Accounts Payable at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
First Baptist Church in Beverly	\$ -	\$ 1,145
Non-Related Party	<u>54,820</u>	<u>126,433</u>
	<u>\$ 54,820</u>	<u>\$ 127,578</u>

At December 31, 2017 and 2016, Accounts Receivable - Related Party consisted of the following:

	<u>2017</u>	<u>2016</u>
Turtle Woods Corporation	\$ 24,052	\$ 32,481
Other Related Parties	<u>350</u>	<u>-</u>
	<u>\$ 24,402</u>	<u>\$ 32,481</u>

The First Baptist Church in Beverly has provided financing to the Organization (see Note 4).

NOTE 8 - PENSION PLAN

The Organization provides a defined contribution pension plan through its affiliation with the Church for eligible employees. The Organization contributes an amount equal to 16% of each eligible employee's annual compensation, which accounts for retirement savings, life and disability insurance. Pension expense totaled \$11,434 and \$14,219 for the years ended December 31, 2017 and 2016, respectively.

NOTE 9 - OPERATING LEASE

Firehouse Place, Inc. leases commercial building space under an operating lease to Acord, Inc., which is a charitable corporation that runs a food pantry in the building. The lease runs for fifteen years with options to renew for periods of ten years.

Future minimum lease payments are as follows:

2018	\$ 9,230
2019	9,700
2020	10,182
2021	10,688
2022	11,219
Thereafter	<u>49,603</u>
	<u>\$ 100,622</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 9 - OPERATING LEASE (Continued)

During January 2012, the Organization entered into a lease agreement for office space. Monthly lease payments of \$2,583 are due through January 2017, with up to five one year options to renew available. The lease was renewed through January 2019, with monthly payments of \$2,741.

Future minimum lease payments are as follows:

2018	\$ 32,848
2019	<u>1,370</u>
Total	<u>\$ 34,218</u>

NOTE 10 - LAND LEASE

Whipple Annex Housing, LLC leases the land upon which the residential units are situated from the Town of Ipswich, under a ninety-nine year lease. The lease provides that the Company shall be required to pay \$1 during the term of the lease, plus expenses, such as taxes and assessments, incidental to the use of the land.

Rockport Affordable Housing, Inc. was assigned a land lease upon which the residential units are situated from the Town of Rockport, under a sixty-five year lease. The lease provides that the Organization shall be required to pay \$1 during the term of the lease, plus expenses, such as taxes and assessments, incidental to the use of the land.

NOTE 11 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of checking, savings accounts, and trust accounts with banks. As of December 31, 2017, the Organization had cash on deposit with banks of \$4,247,424. Of this amount, \$527,840 was uninsured by the FDIC.

NOTE 12 - INSURANCE CLAIM

During 2016, the property of Marblehead Community Housing Corporation experienced water damage from a broken sprinkler head. Total expenses incurred were \$52,686. The project received \$62,158 from the insurance company after the deductible, which includes coverage for loss of rents.

NOTE 13 - INVESTMENTS MEASURED AT FAIR VALUE

During 2016, Harborlight Community Partners, Inc. adopted FASB ASC 820-10-50, which requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. Level 1 investments include mutual funds and U.S. Government bonds.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 13 - INVESTMENTS MEASURED AT FAIR VALUE (Continued)

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 investment inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in non-active markets. The Organization does not have any Level 2 investments.

Level 3 - Unobservable inputs for the asset or liability. The Organization does not have any Level 3 investments.

The funds are being held in an investment account. The balance as of December 31, 2017 was \$1,277,253. The account was made up of \$115,445 in cash reserves, \$230,118 in mutual funds, \$430,350 in common stock, and \$496,158 in corporate bonds, along with \$5,182 of accrued interest. Unrealized gain on bonds of \$84,434 is included in interest income.

NOTE 14 - UNCONDITIONAL PROMISE TO GIVE

Unconditional promises to give consists of the following at December 31, 2017:

Unrestricted Promise – Donor 1	\$ 30,400
Unrestricted Promise – Donor 2	<u>200,000</u>
Gross Unconditional Promises to Give	230,400
Less: Unamortized Discount	<u>(9,472)</u>
Net Unconditional Promises to Give	<u><u>\$ 220,928</u></u>
Amounts Due in:	
Less than One Year	\$ 57,600
One to Five Years	<u>172,800</u>
	<u><u>\$ 230,400</u></u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.27% (Donor 1) and 1.81% (Donor 2).



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

To the Board of Directors
Harborlight Community Partners, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Harborlight Community Partners, Inc., which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants

April 10, 2018
South Portland, Maine



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Harborlight Community Partners, Inc.

Report on Compliance for the Major Federal Program

We have audited Harborlight Community Partners, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Harborlight Community Partners, Inc.'s major federal program for the year ended December 31, 2017. Harborlight Community Partners, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Harborlight Community Partners, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harborlight Community Partners, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Harborlight Community Partners, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, Harborlight Community Partners, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

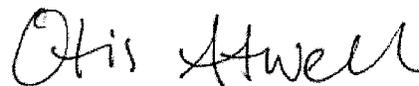
Report on Internal Control Over Compliance

Management of Harborlight Community Partners, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Harborlight Community Partners, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harborlight Community Partners, Inc.'s internal control over compliance.

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

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

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



Certified Public Accountants

April 10, 2018
South Portland, Maine

SUPPLEMENTARY INFORMATION

HARBORLIGHT COMMUNITY PARTNERS, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	_X_ no
Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	_X_ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	___ yes	_X_ no
Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	_X_ none reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Title 2 <i>U.S. Code of Federal Regulations</i> (CFR) Part 200:516?	___ yes	_X_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.415	Rural Rental Housing Loans

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_X_ yes ___ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

HARBORLIGHT COMMUNITY PARTNERS, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2017

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture, Rural Development</u>		
Rural Rental Housing Loans	10.415	<u>\$ 3,861,493</u>
Total U.S. Department of Agriculture, Rural Development		<u>3,861,493</u>
<u>U.S. Department of Housing and Urban Development</u>		
Capacity Building for Community Development and Affordable Housing Grants	14.252	<u>30,000</u>
Total U.S. Department of Housing and Urban Development		<u>30,000</u>
Total Expenditures of Federal Awards		<u><u>\$ 3,891,493</u></u>

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

NOTE 1 - GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Harborlight Community Partners, Inc., including federal awards passed through other government agencies, except for federal awards expended by certain projects affiliated with the Corporation provided by the U.S. Department of Agriculture. These federal award programs have been audited and reported on, in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), at the project level. Therefore, such federal award expenditures have not been included on this schedule. These project entities and the amounts included on their respective Schedules of Expenditures of Federal Awards are as follows:

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture: Rockport Affordable Housing, Inc.	10.415	\$ 872,500

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200:516. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the consolidated financial statements.

NOTE 4 - MORTGAGE LOAN BALANCE

Federal expenditures for program 10.415 include the Rural Rental Housing Loan balances of \$3,891,493 as of the beginning of the audit period of which included principal of \$3,601,318, interest credit subsidy of \$56,720 and rental assistance of \$203,455. The loan balance at December 31, 2017 was \$3,565,407.

NOTE 5 - DE MINIMIS INDIRECT COST RATE

The corporation has not elected to use the 10% de minimis indirect cost rate per Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2017

	Harborlight Community Partners, Inc.	Whipple Annex Housing, LLC	Firehouse Place, Inc.	Rockport Affordable Housing, Inc.	Turtles Creek Housing, LLC	Marblehead Community Housing Corp.	Harborlight House LLC	Maple Woods Housing LLC	Granite Street Crossing LLC	Boston Street Crossing LLC	Anchor Point LLC	Eliminations	Totals
ASSETS													
Current Assets													
Cash - Unrestricted	\$ 476,109	\$ 16,402	\$ 28,373	\$ 31,521	\$ 402,140	\$ 1,292	\$ 65,779	\$ 100	\$ 25	\$ 4,218	\$ 25	\$ -	\$ 1,025,984
Cash - Reserves and Mortgage Escrows	696,424	60,554	31,519	392,778	1,302,828	-	481,701	-	121	341,050	85	-	3,307,060
Unrestricted Investment	1,277,253	-	-	-	-	-	-	-	-	-	-	-	1,277,253
Tenant Security Deposits	27,433	5,388	1,290	18,142	45,717	3,502	-	-	-	-	-	-	101,472
Accounts Receivable - Tenants	4,763	4	-	945	468	5,025	9,754	-	-	2,247	-	-	23,206
Accounts Receivable - Related Party	163,042	-	-	-	-	-	-	-	-	-	-	-	24,402
Accounts Receivable - Other	104,202	-	-	-	677	-	-	-	-	100	-	-	106,356
Prepaid Expenses	25,300	1,112	1,606	13,940	47,948	957	2,964	-	-	366	-	-	94,413
Donation Receivable - Current Portion	57,600	-	-	-	-	-	-	-	-	-	-	-	57,600
Total Current Assets	2,832,126	83,460	62,768	458,703	1,799,778	10,776	560,198	100	146	348,201	110	(138,640)	6,017,746
Property and Equipment													
Land and Site Improvements	1,975,872	-	135,000	5,635	1,385,775	252,252	353,825	-	-	179,938	-	-	4,288,297
Buildings Held for Rent	6,225,775	2,648,641	1,011,872	2,386,995	14,988,562	378,443	7,171,328	-	-	1,540,062	-	-	36,371,678
Furniture and Equipment	262,750	10,491	12,916	20,645	377,468	2,717	48,708	-	-	-	-	-	735,695
Motor Vehicles	60,815	-	-	-	40,033	-	-	-	-	-	-	-	100,848
Construction in Progress	71,388	-	-	-	-	-	-	767,464	761,726	2,156,945	72,776	-	3,830,299
Total	8,596,600	2,659,132	1,159,788	2,423,275	16,801,838	633,412	7,573,861	767,464	761,726	3,876,945	72,776	-	45,326,817
Accumulated Depreciation	1,694,114	721,072	148,560	208,669	1,767,830	135,256	294,432	-	-	-	-	-	4,989,933
Total Property and Equipment	6,902,486	1,938,060	1,011,228	2,214,606	15,034,008	498,156	7,279,429	767,464	761,726	3,876,945	72,776	-	40,336,884
Other Assets													
Investments in Affiliates	3,764	-	-	-	16,702	-	-	-	-	-	-	(3,764)	-
Tax Credit Fees, Net	3,927,671	-	-	-	-	-	14,816	-	-	-	-	-	31,518
Notes Receivable, Less Current Maturities	163,328	-	-	-	-	-	-	-	-	-	-	(3,927,671)	-
Donation Receivable	-	-	-	-	-	-	-	-	-	-	-	-	163,328
Total Other Assets	4,094,763	-	-	-	16,702	-	14,816	-	-	-	-	(3,931,455)	184,846
TOTAL ASSETS	\$ 13,829,395	\$ 2,021,520	\$ 1,074,016	\$ 2,673,309	\$ 16,830,488	\$ 508,932	\$ 7,854,443	\$ 767,564	\$ 761,872	\$ 4,225,146	\$ 72,886	\$ (4,070,095)	\$ 46,549,476
LIABILITIES AND NET ASSETS													
Current Liabilities													
Accounts Payable	\$ 75,045	\$ 1,495	\$ 1,744	\$ 18,713	\$ 42,012	\$ 19,476	\$ 25,961	\$ 43,471	\$ 10,920	\$ 2,972	\$ 13,598	\$ (203,049)	\$ 52,358
Accounts Payable - Related Party	2,212	3,566	-	-	-	-	-	100	25	-	125	(3,556)	2,462
Accounts Payable - Construction	106,832	5,181	3,965	3,608	22,843	2,094	67,965	-	-	559,539	-	-	627,504
Accrued Expenses	10,515	502	229	2,000	137,693	1,011	7,200	-	-	4,000	-	-	155,853
Accrued Interest	27,653	4,979	1,280	17,291	45,717	3,502	-	-	-	-	-	(1,011)	150,939
Tenant Security Deposits	-	1	-	10	1,189	-	-	-	-	-	-	-	100,412
Prepaid Rent	81,337	38,114	5,626	10,908	151,567	4,473	46,854	-	-	50	-	-	1,250
Current Portion of Long-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	338,679
Total Current Liabilities	303,574	53,828	12,884	52,530	401,121	30,556	147,980	43,571	10,945	586,561	13,723	(207,616)	1,429,657
Long-term Liabilities													
Long-term Debt	7,250,245	2,057,040	896,474	2,650,709	13,132,410	580,521	5,191,798	723,993	750,925	3,661,913	59,179	(3,262,454)	33,692,753
Development Fee Payable	-	-	-	-	-	-	547,532	-	-	-	-	(547,532)	-
Deferred Interest	39,804	-	-	41,092	-	-	99,297	-	-	-	-	(48,709)	131,484
Development Advance	150,000	-	-	-	-	-	-	-	-	-	-	-	150,000
Debt Issuance Costs	(88,158)	-	-	(10,806)	(75,645)	(10,866)	-	-	-	-	-	-	(185,495)
Total Long-term Liabilities	7,351,891	2,057,040	896,474	2,680,995	13,056,765	569,635	5,838,627	723,993	750,925	3,661,913	59,179	(3,858,695)	33,788,742
TOTAL LIABILITIES	7,655,465	2,110,868	909,358	2,733,525	13,457,886	600,191	5,986,607	767,564	761,870	4,228,474	72,902	(4,066,311)	35,218,399
NET ASSETS													
Unrestricted - Controlling	6,064,319	(89,348)	164,658	(60,216)	(145)	(91,259)	3,784	-	2	(3,328)	(16)	(3,784)	5,984,667
Unrestricted - Noncontrolling	-	-	-	-	3,372,747	-	1,864,052	-	-	-	-	-	5,236,799
Temporarily Restricted	109,611	-	-	-	-	-	-	-	-	-	-	-	109,611
Total Net Assets	6,173,930	(89,348)	164,658	(60,216)	3,372,602	(91,259)	1,867,836	-	2	(3,328)	(16)	(3,784)	11,331,077
TOTAL LIABILITIES AND NET ASSETS	\$ 13,829,395	\$ 2,021,520	\$ 1,074,016	\$ 2,673,309	\$ 16,830,488	\$ 508,932	\$ 7,854,443	\$ 767,564	\$ 761,872	\$ 4,225,146	\$ 72,886	\$ (4,070,095)	\$ 46,549,476

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2016

	Harborlight Community Partners, Inc.	Whipple Annex Housing, LLC	Firehouse Places, Inc.	Rockport Affordable Housing, Inc.	Turtle Creek Housing, LLC	Marblehead Community Housing Corp.	Harborlight House LLC	Maple Woods Housing LLC	Granite Street Crossing LLC	Boston Street Crossing LLC	Eliminations	Totals
ASSETS												
Current Assets												
Cash - Unrestricted	\$ 307,583	\$ 21,939	\$ 18,288	\$ 20,594	\$ 435,072	\$ 23,743	\$ 25,824	\$ -	\$ -	\$ -	\$ -	\$ 852,803
Cash - Reserves and Mortgage Escrows	64,1219	60,433	31,503	367,814	1,249,961	-	676,704	-	-	-	-	3,027,634
Unrestricted Investments	1,071,449	-	-	-	-	-	-	-	-	-	-	1,071,449
Tenant Security Deposits	35,825	6,457	1,682	17,795	48,284	2,654	-	-	-	-	-	112,697
Accounts Receivable - Tenants	1,077	188	9	1,629	606	2,207	19,844	-	-	-	(96,908)	25,560
Accounts Receivable - Related Party	128,934	-	-	455	-	-	-	-	-	-	-	32,481
Accounts Receivable - Other	75,975	-	-	1,377	5,521	32,815	-	-	-	-	-	115,688
Prepaid Expenses	30,780	1,535	1,144	10,442	49,675	1,353	3,545	-	-	-	-	98,474
Total Current Assets	2,292,842	90,312	52,626	420,106	1,789,119	62,772	725,917	-	-	-	(96,908)	5,336,786
Property and Equipment												
Land and Site Improvements	1,963,933	-	135,000	5,635	1,385,775	252,252	353,825	-	-	-	-	4,096,420
Buildings Held for Rent	6,174,459	2,648,641	1,011,872	2,395,994	14,993,984	376,443	7,164,463	-	-	-	-	34,768,866
Furniture and Equipment	262,750	10,491	12,916	20,646	366,133	2,717	48,708	-	-	-	-	724,361
Motor Vehicles	60,815	-	-	-	-	-	-	-	-	-	-	60,815
Construction in Progress	137,344	-	-	-	-	-	-	565,561	574,488	116,348	-	1,393,741
Total	8,599,301	2,659,132	1,159,788	2,423,275	16,745,902	633,412	7,566,996	565,561	574,488	116,348	-	41,044,203
Accumulated Depreciation	1,490,461	653,806	124,692	150,683	1,314,327	122,145	109,689	-	-	-	-	3,965,803
Total Property and Equipment	7,108,840	2,005,326	1,035,096	2,272,592	15,431,575	511,267	7,457,307	565,561	574,488	116,348	-	37,078,400
Other Assets												
Investments in Affiliates	3,825	-	-	-	18,226	-	15,956	-	-	-	(3,825)	34,182
Tax Credit Fees, Net	-	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable, Less Current Maturities	3,874,682	-	-	-	-	-	-	-	-	-	(3,874,682)	-
Total Other Assets	3,878,507	-	-	-	18,226	-	15,956	-	-	-	(3,878,507)	34,182
TOTAL ASSETS	\$ 13,280,189	\$ 2,095,638	\$ 1,087,722	\$ 2,692,698	\$ 17,239,920	\$ 574,039	\$ 8,199,180	\$ 565,561	\$ 574,488	\$ 116,348	\$ (3,975,415)	\$ 42,449,368
LIABILITIES AND NET ASSETS												
Current Liabilities												
Accounts Payable	\$ 59,363	\$ 2,654	\$ 1,631	\$ 18,942	\$ 51,169	\$ 54,600	\$ 32,769	\$ -	\$ -	\$ -	\$ (95,319)	\$ 125,839
Accounts Payable - Related Party	1,694	1,634	-	-	-	-	465,717	-	-	-	(1,634)	1,694
Accounts Payable - Construction	-	-	-	-	-	-	7,000	-	-	-	(253,873)	211,844
Accrued Expenses	102,439	4,838	4,095	3,774	14,633	8,764	-	-	-	-	-	145,543
Accrued Interest	21,870	647	240	2,035	139,070	-	-	-	-	526	(526)	183,762
Tenant Security Deposits	28,679	4,587	1,290	17,792	45,037	2,654	-	-	-	-	-	100,039
Prepaid Rent	165	1	6	8	709	-	18,591	-	-	-	-	19,475
Current Portion of Long-term Debt	169,279	36,644	5,299	10,480	139,309	4,343	230,000	-	-	-	-	593,354
Total Current Liabilities	383,489	50,915	12,555	53,032	389,927	70,361	754,097	-	-	526	(351,352)	1,363,550
Long-term Liabilities												
Long-term Debt	7,147,029	2,095,424	902,100	2,661,477	13,271,798	579,392	5,135,278	565,561	574,488	116,348	(2,979,254)	30,069,641
Development Fee Payable	-	-	-	39,140	-	-	615,497	-	-	-	(615,497)	-
Deferred Interest	-	-	-	-	-	-	54,395	-	-	-	(25,487)	68,048
Development Advance	150,000	-	-	-	-	-	-	-	-	-	-	150,000
Debt Issuance Costs	(88,264)	-	-	(11,223)	(77,908)	(11,553)	-	-	-	-	-	(128,946)
Total Long-term Liabilities	7,198,765	2,095,424	902,100	2,669,394	13,193,890	567,839	5,805,170	565,561	574,488	116,348	(3,620,238)	30,068,741
TOTAL LIABILITIES	\$ 7,592,254	\$ 2,146,339	\$ 914,655	\$ 2,742,426	\$ 13,583,817	\$ 636,200	\$ 6,599,267	\$ 565,561	\$ 574,488	\$ 116,874	\$ (3,971,590)	\$ 31,452,291
NET ASSETS												
Unrestricted - Controlling	5,567,190	(50,701)	173,067	(49,728)	(117)	(64,161)	3,801	-	-	(526)	(3,825)	5,575,000
Unrestricted - Noncontrolling	-	-	-	-	3,655,220	-	1,636,112	-	-	-	-	5,291,332
Temporarily Restricted	130,745	-	-	-	-	-	-	-	-	-	-	130,745
Total Net Assets	5,697,935	(50,701)	173,067	(49,728)	3,655,103	(64,161)	1,639,913	-	-	(526)	(3,825)	10,997,077
TOTAL LIABILITIES AND NET ASSETS	\$ 13,280,189	\$ 2,095,638	\$ 1,087,722	\$ 2,692,698	\$ 17,239,920	\$ 574,039	\$ 8,199,180	\$ 565,561	\$ 574,488	\$ 116,348	\$ (3,975,415)	\$ 42,449,368

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2017

	Harborlight Community Partners, Inc.	Whipple Annex Housing, LLC	Firehouse Place, Inc.	Rockport Affordable Housing, Inc.	Turtle Creek Housing, LLC	Marblehead Community Housing Corp.	Harborlight House, LLC	Maple Woods Housing, LLC	Granite Street Crossing, LLC	Boston Street Crossing, LLC	Anchor Point, LLC	Eliminations	Totals
REVENUE													
Housing Management Revenue	\$ 603,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (419,579)	\$ 184,005
Housing Operations Revenue	1,632,626	153,159	67,026	327,361	1,848,062	50,920	436,824	-	34,508	-	-	(382,429)	4,169,057
Social Service Revenue	78,168	-	-	-	-	-	-	-	-	-	-	(86,192)	22,016
Fundraising Revenue	606,032	-	-	-	-	-	-	-	-	-	-	-	86,542
Development Income	281,548	-	-	-	-	-	-	-	-	-	-	-	67,548
Interest Income	203,289	121	29	2,077	10,984	-	-	-	2	-	-	(1,011)	215,501
Other Income (Loss) on Investment	(39)	-	-	-	-	-	-	-	-	-	-	39	-
TOTAL REVENUE	3,605,206	153,280	67,055	329,438	1,860,056	50,920	436,824	-	34,508	-	-	(659,132)	5,678,159
EXPENSES													
Administrative Expenses	287,155	-	-	-	-	-	-	-	-	-	-	-	287,155
Housing Operations and Development Expenses	2,496,114	191,927	75,464	339,926	2,122,717	78,018	608,646	-	37,310	16	16	(659,171)	5,092,967
Social Service Expenses	114,362	-	-	-	-	-	-	-	-	-	-	-	114,362
Fundraising Expenses	229,582	-	-	-	-	-	-	-	-	-	-	-	229,582
TOTAL EXPENSES	3,128,213	191,927	75,464	339,926	2,122,717	78,018	608,646	-	37,310	16	16	(659,171)	5,724,066
Increase (Decrease) in Net Assets - Controlling	475,995	(38,647)	(8,409)	(10,488)	(26)	(27,098)	(17)	-	(2,802)	(16)	(16)	39	388,533
Distributions - Controlling	-	-	-	-	(2)	-	-	-	-	-	-	2	-
Decrease in Net Assets - Non-Controlling	-	-	-	-	(262,635)	-	(177,805)	-	-	-	-	-	(434,440)
Distributions	-	-	-	-	(19,838)	-	399,745	-	-	-	-	-	(19,838)
Capital Contributions to LLC	-	-	-	-	-	-	-	-	-	-	-	-	399,745
Total Increase (Decrease) in Net Assets - Non-Controlling	-	-	-	-	(282,473)	-	227,940	-	-	-	-	-	(54,533)
Total Increase (Decrease) in Net Assets	475,995	(38,647)	(8,409)	(10,488)	(282,501)	(27,098)	227,923	-	(2,802)	(16)	(16)	41	334,000
Net Assets (Deficit), Beginning of Year	5,897,935	(50,701)	175,067	(49,728)	3,655,103	(64,161)	1,639,913	-	(526)	-	-	(3,825)	10,997,077
Net Assets (Deficit), End of Year	\$ 6,173,930	\$ (89,348)	\$ 164,658	\$ (60,216)	\$ 3,372,602	\$ (91,259)	\$ 1,867,836	\$ -	\$ (526)	\$ (3,328)	\$ (16)	\$ (3,784)	\$ 11,331,077

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2016

	Harborlight Community Partners, Inc.	Whipple Annex Housing, LLC	Firehouse Places, Inc.	Rockport Affordable Housing, Inc.	Turtle Creek Housing, LLC	Marblehead Community Housing Corp.	Harborlight House LLC	Maple Woods Housing LLC	Granite Street Crossing LLC	Boston Street Crossing LLC	Eliminations	Totals
REVENUE												
Housing Management Revenue	\$ 531,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (264,723)	\$ 287,040
Housing Operations Revenue	1,644,562	153,632	66,117	325,120	1,799,667	55,726	346,716	-	-	-	(412,682)	3,979,878
Social Service Revenue	80,628	-	-	-	-	-	-	-	-	-	(56,601)	24,027
Fundraising Revenue	678,065	-	-	-	-	-	-	-	-	-	-	678,065
Development Income	1,394,699	-	-	-	-	-	-	-	-	-	-	1,394,699
Interest Income	128,009	128	24	1,926	10,482	-	-	-	-	-	(526)	140,043
TOTAL REVENUE	4,457,726	153,760	66,141	328,046	1,810,169	55,726	346,716	-	-	-	(734,532)	6,483,752
EXPENSES												
Administrative Expenses	236,702	-	-	-	-	-	-	-	-	-	-	236,702
Housing Operations and Development Expenses	2,443,984	179,219	77,966	325,197	2,545,583	79,232	542,503	-	-	526	(734,532)	5,460,678
Social Service Expenses	88,121	-	-	-	-	-	-	-	-	-	-	88,121
Fundraising Expenses	220,141	-	-	-	-	-	-	-	-	-	-	220,141
TOTAL EXPENSES	2,988,948	179,219	77,966	325,197	2,545,583	79,232	542,503	-	-	526	(734,532)	6,005,642
Increase (Decrease) in Net Assets - Controlling	1,468,778	(25,459)	(11,825)	1,849	(74)	(23,506)	(20)	-	-	(526)	-	1,409,217
Decrease in Net Assets - Non-Controlling Distributions	-	-	-	-	(735,340)	-	(195,767)	-	-	-	-	(931,107)
Capital Contributions to LLC	-	-	-	-	(3,427)	-	-	-	-	-	(3,825)	(3,427)
Total Increase in Net Assets - Non-Controlling	-	-	-	-	(738,767)	-	1,326,937	-	-	-	(3,825)	1,323,112
Total Increase (Decrease) in Net Assets	1,468,778	(25,459)	(11,825)	1,849	(738,841)	(23,506)	1,131,150	-	-	(526)	(3,825)	1,797,795
Net Assets (Deficit), Beginning of Year	4,229,157	(25,242)	184,892	(51,577)	4,393,944	(40,655)	508,763	-	-	-	-	9,199,282
Net Assets (Deficit), End of Year	\$ 5,697,935	\$ (50,701)	\$ 173,067	\$ (49,728)	\$ 3,655,103	\$ (64,161)	\$ 1,639,913	\$ -	\$ -	\$ (526)	\$ (3,825)	\$ 10,997,077

HARBORLIGHT COMMUNITY PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash - Unrestricted	\$ 476,109	\$ 307,583
Cash - Reserves and Mortgage Escrows	696,424	641,219
Unrestricted Investment	1,277,253	1,071,449
Tenant Security Deposits	27,433	35,825
Accounts Receivable - Tenants	4,763	1,077
Accounts Receivable - Related Party	163,042	128,934
Accounts Receivable - Other	104,202	75,975
Prepaid Expenses	25,300	30,780
Unconditional Promise to Give, Current Maturities	57,600	-
Total Current Assets	<u>2,832,126</u>	<u>2,292,842</u>
Property and Equipment		
Land and Site Improvements	1,975,872	1,963,933
Buildings Held for Rent	6,225,775	6,174,459
Furniture and Equipment	262,750	262,750
Motor Vehicles	60,815	60,815
Construction in Progress	71,388	137,344
Total	8,596,600	8,599,301
Less Accumulated Depreciation	<u>1,694,114</u>	<u>1,490,461</u>
Total Property and Equipment	<u>6,902,486</u>	<u>7,108,840</u>
Other Assets		
Investments in Affiliates	3,784	3,825
Unconditional Promise to Give, Less Current Maturities	163,328	-
Notes Receivable, Less Current Maturities	<u>3,927,671</u>	<u>3,874,682</u>
Total Other Assets	<u>4,094,783</u>	<u>3,878,507</u>
TOTAL ASSETS	<u>\$ 13,829,395</u>	<u>\$ 13,280,189</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2017 and 2016

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 75,045	\$ 59,363
Accounts Payable - Related Party	2,212	1,694
Accrued Expenses	106,832	102,439
Accrued Interest	10,515	21,870
Tenant Security Deposits	27,633	28,679
Prepaid Rent	-	165
Current Portion of Long-term Debt	<u>81,337</u>	<u>169,279</u>
Total Current Liabilities	<u>303,574</u>	<u>383,489</u>
Long-term Liabilities		
Long-term Debt	7,250,245	7,147,029
Deferred Interest	39,804	-
Development Advance	150,000	150,000
Less Debt Issuance Costs	<u>(88,158)</u>	<u>(98,264)</u>
Total Long-term Liabilities	<u>7,351,891</u>	<u>7,198,765</u>
TOTAL LIABILITIES	<u>7,655,465</u>	<u>7,582,254</u>
NET ASSETS		
Unrestricted	6,064,319	5,567,190
Temporarily Restricted	<u>109,611</u>	<u>130,745</u>
Total Net Assets	<u>6,173,930</u>	<u>5,697,935</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,829,395</u>	<u>\$ 13,280,189</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue		
Housing Management Revenue	\$ 603,584	\$ 531,763
Housing Operations Revenue	1,632,626	1,644,562
Social Service Revenue	78,168	80,628
Fundraising Revenue	806,032	678,065
Development Income	281,548	1,394,699
Interest Income	203,289	128,009
Other Income (Loss) on Investment	(39)	-
Total Revenue	<u>3,605,208</u>	<u>4,457,726</u>
Expenses		
Administrative Expenses	287,155	236,702
Housing Operations and Development Expenses	2,498,114	2,443,984
Social Service Expenses	114,362	88,121
Fundraising Expenses	229,582	220,141
Total Expenses	<u>3,129,213</u>	<u>2,988,948</u>
Change in Net Assets	475,995	1,468,778
Net Assets, Beginning of Year	<u>5,697,935</u>	<u>4,229,157</u>
Net Assets, End of Year	<u>\$ 6,173,930</u>	<u>\$ 5,697,935</u>

EXHIBIT 3: COMMUNITY NEED

Both Harborlight Community Partners and the Beverly Housing Authority have substantial waitlists for affordable two and three bedroom, family units. In addition, Family Promise works with many homeless families in need of housing, and Anchor Point phase 1 will have eight units specifically reserved for homeless families.

Meeting the BAHT's Funding Priorities

Anchor Point phase 1 meets many of the funding priorities set out by the Affordable Housing Trust.

- The project will provide high-quality housing for low income families, and attains a deeper level of affordability (30% - 60% AMI) than required by the Trust.
- Anchor Point phase 1 will add 38 greatly needed affordable units for families, broadening the range of households able to afford to live in Beverly.
- Harborlight owns and manages its properties in order to maintain long term affordability, and will commit to a minimum of 30 years affordability, restricted by deed.
- The sponsor can request a 70% local preference (the maximum allowed under Fair Housing) from the State funders. Since 20% of the units are set aside for homeless families, the local preference could include Beverly, Salem, and Peabody, benefitting the three communities that signed the Mayors' Homeless Task Force MOU.
- The project effectively creates long-term affordability in an area of opportunity, with ready access to schools, jobs, and amenities.
- HCP supports and affirms Fair Housing.
- The site is served by MBTA bus #451, which will connect the project with North Beverly, downtown Beverly, downtown Salem, and the Cummings Center.
- Local funding will be leveraged to generate more than 26 times its value in State and private funds.

Meeting the City's needs as identified in the Community Housing Plan

The housing plan highlights a need for affordable rental housing in particular (versus for-sale units). The 38 family apartments at Anchor Point phase 1 will enable low-income working parents to live within close commuting distance to jobs downtown, at the Cummings Center, and at the new North Shore Crossing, supporting the economic and business development of the City. According to the plan, there are approximately 345 families who are currently severely rent burdened in Beverly, spending more than half of their income on rent. Rising market rents exacerbate this problem. Anchor Point will offer long term affordability and stability to many families, who would otherwise be financially drained by paying market rents.

Anchor Point (both phases) will integrate accessibility as well as a range of services. At Phase 1, six of the 38 units will be fully HC accessible (15%, well above the minimum code-required 5%), and all units will be visitable. In addition to the property manager and maintenance staff, there will be a Resident Services Coordinator available to all residents. The community spaces are being designed to allow for additional third-parties to provide services such as adult ed, before- and after-school programming, and exercise classes. HCP's intent is to create an inclusive, service-rich community.

EXHIBIT 4: COMMUNITY SUPPORT

There is a great deal of local support for this project, and additional letters of support will be submitted, to follow this application.

- Beverly Bootstraps (originally written for FHLB funding application)



July 11, 2018

Federal Home Loan Bank of Boston Affordable Housing Program
800 Boylston Street
Boston, Massachusetts

Re: Economic Empowerment Services for Anchor Point Phase 1

To: Federal Home Loan Bank of Boston Affordable Housing Program

On behalf of Beverly Bootstraps, this letter of commitment is being executed to offer the following Economic Empowerment Services to all residents of the above referenced project. Economic Empowerment Services are services which offer workforce readiness, homeownership readiness and sustainability, self-sufficiency services, healthcare services, or resident leadership and organizational decision making services. The services to be offered to build workforce readiness are:

1. ESOL education. This Service will be offered to all residents and available within six months of project completion.
2. HiSet preparation education. This Service will be offered to all residents and available within six months of project completion.

On behalf of our organizations, we hereby agree to the above:

A handwritten signature in cursive script that reads 'Sue Gabriel'.

Sue Gabriel
Executive Director
Beverly Bootstraps

A handwritten signature in cursive script that reads 'Andrew DeFranza'.

Andrew DeFranza
Executive Director
Harborlight Community Partners

EXHIBIT 5: SITE CONTROL/VALUE

The property is owned by Anchor Point LLC, a subsidiary of Harborlight Community Partners.

- Deed
- Appraisal executive summary

Full appraisal is available at your request.

78
6 506



589940 (91237+) Btch: 514026
Southern Essex District Registry
1/29/2018 01:26 PM DEED Pg: 1/7

MSBBLRUBD118 EAGLE INC
Southern Essex District R0D
Date: 1/29/2018 01:26 PM
ID: 514026 Doc# 589940
Fee: \$13,680.00 Cons: \$3,000,000.0



SO, ESSEX #337 Bk: 36499 Pg: 357
01/29/2018 01:55 DEED Pg 1/6

QUITCLAIM DEED

Property Address: 106 and 108 Sohier Road and a Portion of 55 Tozer Road,
Beverly, Massachusetts

108 SOHIER LLC, a Massachusetts limited liability company with a mailing address of
P. O. Box 578, Wenham, Essex County, Massachusetts 01984

for consideration paid and in full consideration of Three Million and 00/100 (\$3,000,000.00)
Dollars, grants to

ANCHOR POINT LLC, a Massachusetts limited liability company with a mailing address c/o
Harborlight Community Partners, Inc., 283 Elliott Street, Beverly, Massachusetts 01915,

with **QUITCLAIM COVENANTS**

the following parcels located in Beverly, Essex County, Massachusetts, described as follows:

Parcel I - 106 Sohier Road:

A certain parcel of undeveloped land situated on Sohier Road in said Beverly, being labeled as
"7100 SF +/- City of Beverly" on the plan entitled "Plan of Land in Beverly, Mass. For H&N
Realty Trust," dated March 18, 1981 prepared by Robert G. Goodwin, RLS, and recorded with the
Essex County Southern District Registry of Deeds in Plan Book 176, as Plan 24.

Said parcel is also shown as the non-registered parcel of land labeled "N/F City of Beverly" on the
plan entitled "Plan of Land in Beverly, Massachusetts," dated July 7, 2004, prepared by Port
Engineering Associates, Inc. and filed with the Land Registration Office as Plan No. 33283-J.

Parcel II - 108 Sohier Road:

The land situated in Beverly, Essex County, Massachusetts, being comprised of registered land,
bounded and described as follows:

Lot 36 and Lot 37, as shown on a "Plan of Land in Beverly, Massachusetts, being a subdivision of Lot 12, as shown on L.L.C. No. 33283C & Lot 16 and Lot 18, as shown on L.L.C. No. 33283E, Owner Northshore Education Consortium", by Port Engineering Associates, Inc., dated 8/31/04, recorded with the Land Registration Office of the Essex Registry of Deeds as Plan 33283-J, a copy of which is filed with the Land Registration Office of the Essex South Registry of Deeds with Certificate of Title No. 78527.

Parcel III – (unregistered land):

Lot A shown on a plan entitled, "Plan of Land in Beverly, Mass. for H & N Realty Trust", dated March 18, 1981, drawn by Robert G. Goodwin, Registered Land Surveyor, recorded with Essex South Deeds in Plan Book 176, Plan 24, bounded and described as follows:

- | | |
|---------------|--|
| NORTHERLY | by land now or formerly of Wendell H. Crosby, as shown on said plan, thirty-three (33) feet, more or less; |
| NORTHWESTERLY | on two courses by land now or formerly of H & N Realty Trust, as shown on said plan, one hundred thirty-nine and 17/100 (139.17) feet; |
| NORTHEASTERLY | by land now or formerly of the City of Beverly, as shown on said plan, one hundred sixty-three (163) feet, more or less; |
| SOUTHERLY | on a curved line having a radius of sixty-two (62) feet by Tozer Road, as shown on said plan, one hundred thirty and 79/100 (130.79) feet; |
| SOUTHWESTERLY | by Tozer Road on a curved line having a radius of one hundred ninety-five (195) feet, as shown on said plan, one hundred two and 08/100 (102.08) feet; and |
| SOUTHWESTERLY | by Tozer Road on a curved line having a radius of four thousand twenty-five (4,025) feet, as shown on said plan, thirty-five (35) feet, more or less. |

Containing 19,360 square feet of land, more or less, according to said plan.

Said parcel is also shown as a non-registered parcel of land labeled "Lot A" on the plan entitled "Plan of Land in Beverly, Massachusetts," dated July 7, 2004, prepared by Port Engineering Associates, Inc. and filed with the Land Registration Office as Plan No. 33283-J.

Parcel IV (unregistered land):

Lot B shown on plan entitled "Plan of Land in Beverly, Mass. for H & N Realty Trust", dated March 18, 1981, drawn by Robert G. Goodwin, Registered Land Surveyor, recorded with Essex South Deeds in Plan Book 176, Plan 24, bounded and described as follows:

- SOUTHEASTERLY by Sohier Road on a curved line having a radius of eight hundred seventy (870) feet, as shown on said plan, eighty-two and 09/100 (82.09) feet;
- SOUTHEASTERLY by land or formerly of the City of Beverly, as shown on said plan, on two courses, together measuring two hundred thirty-five and 49/100 (235.49) feet;
- SOUTHWESTERLY by other land now or formerly of H & N Realty Trust, as shown on said plan, one hundred three feet (103) feet; and
- NORTHWESTERLY on two courses by other land now or formerly of H & N Realty Trust, as shown on said plan, together measuring two hundred forty-five and 60/100 (245.60) feet.

Containing 8,830 square feet of land, more or less, according to said plan.

Parcel III and Parcel IV are conveyed together with the appurtenant rights and easements of record insofar as now in force and applicable.

Said parcel is also shown as a non registered parcel of land labeled "Lot B" on the plan entitled "Plan of Land in Beverly, Massachusetts," dated July 7, 2004, prepared by Port Engineering Associates, Inc. and filed with the Land Registration Office as Plan No. 33283-J.

Parcel V – (registered land):

- SOUTHWESTERLY by land now or formerly of Wendell H. Crosby et al three hundred forty eight and 79/100 (348.79) feet;
- NORTHWESTERLY by lots 10 and 11, as shown on the plan hereinafter mentioned, five hundred nineteen and 59/100 (519.59) feet;
- EASTERLY by the westerly line of Sohier Road one hundred fifty (150) feet;
- SOUTHEASTERLY two hundred forty five and 60/100 (245.60) feet, and
- EASTERLY one hundred three (103) feet by land now or formerly of City of Beverly; and
- SOUTHEASTERLY by other land now or formerly of the City of Beverly one hundred thirty nine and 17/100 (139.17) feet.

All of said boundaries are determined by the Land Court to be located as shown upon plan numbered 33283-C, drawn by Essex Survey Service Inc., Surveyors, dated May 11, 1973, as modified and approved by the Court, filed in the Land Registration Office, a copy of which is

filed with Certificate of Title No. 43432 in said Registry, and the above described land is shown thereon as lot #12.

Parcel V is conveyed together with the appurtenant rights and easements set forth in Certificate of Title No. 43432 and Certificate of Title No. 45363 in said Registry District.

For title, see deed of North Beverly Associates Limited Partnership et al dated September 25, 2014 and recorded with the Essex South District Registry of Deeds in Book 33585, Page 318. See also Certificate of Title No. 87877 filed with the Land Registration Office of said Registry of Deeds. ✓

Parcel VI – Portion of 55 Tozer Road:

The land in Beverly, Essex County, Commonwealth of Massachusetts as shown on a "Plan of Land in Beverly, Mass. dated January 6, 1984, Scale 1" = 40', Hayes Engineering, Inc." recorded in Essex South District Registry of deeds, Plan Book 184, Plan 54 (the "Plan"), bounded and described according to said Plan as follows:

Beginning at a point on the northeasterly side of Tozer Road as shown on said Plan and thence running

- S. 37° 23' 30" E. A distance of 343.46 feet to a point as shown on said Plan; thence continuing in a radius of 4025.00 feet, a distance of 500.44 feet; thence running
- S. 79° 20' 15" E. To an iron pipe as shown on said Plan, 37.07 feet; thence turning and running
- N. 31° 26' 39" W. A distance of 279.49 feet, as shown on said Plan; thence continuing
- N. 31° 7' 52" W. 103.64 feet, according to said Plan; thence continuing
- N. 31° 33' 19" W. 78.61 feet to a point as shown on said Plan; thence continuing
- N. 32° 33' 17" W. A distance of 145.12 feet; thence continuing
- N. 31° 42' 00" W. 272.56 feet, according to said Plan; thence turning and running
- S. 49° 44' 49" W. 81.33 feet to the point of beginning.

Containing according to said Plan, approximately 38,991 square feet of land.

For title see deed of 55 Tozer LLC dated October 1, 2014 and recorded with the Essex South District Registry of Deeds in 33585, Page 220. ✓

Lots 12, 36 and 37 have the benefit of a 20 foot wide utility easement shown on Land Court Plan Nos. 33283C and 33283E in, through and under said easement extending in a general northwesterly direction across said way as shown on said Plan until said easement joins the 50 foot wide City of Beverly water easement, together with rights and subject to provisions described in a Deed from Connolly Brothers, Inc., dated January 7, 1975, filed with said Registry District as Document No. 152177.

Lots 12, 36 and 37 are conveyed together with the benefit of agreements set forth in Deeds, filed with said Registry District as Document Nos. 147551 and 152177.

Lot 12 has an easement in, under, over and through the 50 foot way shown on said Land Court Plan No. 33283C for all purposes for which public ways now or may hereafter be used in the City of Beverly together with others lawfully entitled to use the same, but no rights are granted to cross said Lot 10 as specifically set forth in the Deed, filed with said Registry District as Document No. 152177.

Lot 12, described as Parcel V on Exhibit A, has the benefit of a right over Lot 14 shown on Land Court Plan No. 33283-E, dated September 25, 1975, filed with said Registry District as Document No. 154796; however, nothing herein shall require the Company to obtain an Order from the Land Court adding said appurtenant right to the face of the Certificate of Title.

Lot 12, described as Parcel V on Exhibit A, has the benefit of an easement set forth in a Deed from Connolly Brothers, Inc., dated September 25, 1975, filed with said Registry District as Document No. 154795; however, nothing herein shall require the Company to obtain an Order from the Land Court adding said appurtenant right to the face of the Certificate of Title.

The premises have the benefit of a utility easement set forth in a Deed from Devens H. Hamlen, Trustee, dated March 8, 2004, filed with said Registry District as Document No. 434951; however, nothing herein shall require the Company to obtain an Order from the Land Court adding said appurtenant right to the face of the Certificate of Title.

The within property being conveyed is commercial property for which no homestead rights apply.

The Grantor is not classified for the current taxable year as a corporation for federal income tax purposes.

EXECUTED as a sealed instrument this 29th day of January, 2018.

108 SOHIER LLC

By *Ernest M. Santin*
ERNEST M. SANTIN, Manager

COMMONWEALTH OF MASSACHUSETTS

Essex, ss.

On this 29th day of January, 2018, before me, the undersigned notary public, personally appeared Ernest M. Santin, proved to me through satisfactory evidence of identification, which was photographic identification with signature issued by a federal or state government agency, oath or affirmation of a credible witness, personal knowledge of the undersigned, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose as Manager of 108 Sohier LLC.

James F. Sterio
Notary Public

My Commission Expires:



JAMES F. STERIO
Notary Public
Commonwealth of Massachusetts
My Commission Expires
April 20, 2023

44 Trapelo Road
Belmont, MA 02478

The
APPRAISERS
Group

617.489.2003
appraisersgroup.com
fax 617.489.2033

APPRAISAL REPORT OF:

108 Sohier Road
Beverly, Massachusetts

PREPARED FOR:

Sarah McKeever
Project Manager
CEDAC
18 Tremont Street, Suite 500
Boston, MA 02108

PREPARED BY:

The Appraiser's Group

Effective Date: September 26, 2017 (as is); Nov. 1, 2017 to Feb. 1, 2018 (as permitted- see report for assumptions)

Appraisal Date: October 10, 2017

Our File No.: 173129Beverly

Client File No.: N/A

44 Trapelo Road
Belmont, MA 02478

The
APPRAISERS
Group

617.489.2003
appraisersgroup.com
fax 617.489.2033

October 10, 2017

Sarah McKeever
Project Manager
CEDAC
18 Tremont Street, Suite 500
Boston, MA 02108

Re: Appraisal Report
108 Sohier Road
Beverly, Massachusetts

Dear Ms. McKeever,

I prepared the attached appraisal report for the purpose of providing an opinion of the market value of the fee simple interest as of September 26, 2017, the date of inspection and an opinion of the prospective market value of the fee simple interest as of the estimated date when the subject is expected to have been rezoned as proposed and discussed in this report. Because of the uncertainty about the exact date upon which the subject is expected to be rezoned, I estimated a reasonable data range to be from November 1, 2017 to February 1, 2018 after discussing this issue with the client and a representative of the City. As future conditions-based on current market data-are expected to be stable during this approximately 3 month period, I believe a single value opinion is appropriate and the prospective market value opinion is as of the date range from November 1, 2017 to February 1, 2018.

The intended use of the assignment is to assist the client with a lending decision. *I was provided with no lease information. I have appraised the fee simple interest.*

The subject property is located in Beverly, Massachusetts and is identified by the assessor as 108 Sohier Road and is comprised of one assessed property comprised of numerous deeded parcels. The property is reportedly being used as a contractor's yard by a paving company. As of the inspection date, it was not known to be improved.

The property is located in an area of Beverly with good access to Route 128 and average access to downtown amenities and a commuter rail station. The area is one developed with mostly commercial uses nearby including offices, a fitness center, Beverly High School and some residential uses on the nearby side streets.

The property, as of the effective date, was under agreement for sale to a developer who plans to redevelop the property with a 75 unit residential rental development to be built in two phases and include 16 units affordable to families earning up to 30% of the Area Median Income (AMI) and the

remainder affordable to families earning up to 60% of the AMI. The property is currently zoned IR (Restricted Industrial, research and office) and the City is in the process of rezoning the parcel to allow a 40R development.

My prospective value opinion is subject to the extraordinary assumption that the site will be rezoned to allow a 40R development under the terms specified in this report. Use of this assumption could affect the outcome of the appraisal.

Additionally, the client is urged to read the section of the report titled Assumptions and Limiting Conditions as they are important to understanding the appraisal, conditions employed in my analysis and conclusions and the limitations of the appraisal. The analyses and conclusions within the attached report are based upon field research, interviews with market participants, and publicly available data that I have collected. The accompanying report has been prepared in accordance with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

It is my opinion, subject to extraordinary assumptions contained in this report, that the market value of the fee simple interest in the 108 Sohier Road, in Beverly, Massachusetts, as of September 26, 2017, was:

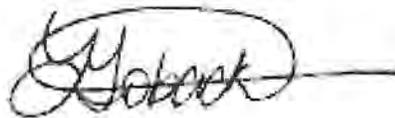
**ONE MILLION AND NINETY THOUSAND DOLLARS
\$1,090,000**

It is my opinion, subject to extraordinary assumptions contained in this report, that the prospective market value of the fee simple interest in the 108 Sohier Road, in Beverly, Massachusetts, as of the date range from November 1, 2017 to February 1, 2018, will be:

**THREE MILLION AND FORTY THOUSAND DOLLARS
\$3,040,000**



Marcus Johnson, MAI, MRA
STAFF APPRAISER
MA CERT. GENERAL R.E. APPRAISER LIC. #70246



Lisa Toback
SUPERVISORY APPRAISER
MA CERT. GENERAL R.E. APPRAISER LIC. #4396

**108 Sohier Road
Beverly, Massachusetts**

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ADDENDUM:

- A. Subject Deed, Proposed Zoning, P&S Option, Engagement Letter
- B. Qualifications of the Appraisers

**108 Sohier Road
Beverly, Massachusetts**

EXECUTIVE SUMMARY

Property Identification

Address: 108 Sohier Road
 Community: Beverly
 Registry Reference: County: Essex South
 Book: 33585 Page: 318
 Assessor ID: 43-18

Intended Use and User*

Intended Use: Assist the client (CEDAC) in establishing a value for loan underwriting purposes
 Intended User: Sarah McKeever of CEDAB

**This appraisal and its conclusions are intended solely for the use and user specified.*

Relevant Dates

	<u>Date</u>	<u>Scenario</u>	<u>Interest Appraised</u>
Effective Date(s):	September 26, 2017	As Is	Fee Simple
	Nov.1, 2017 to Feb. 1, 2018	As Proposed	Fee Simple
Date of Inspection:	September 26, 2017		
Appraisal Date:	October 10, 2017		

Property Data:

Land Area: 220,989 Sq. Ft. 5.07 Acres
 Property Use: Vacant Land
 Gross Bldg. Area: n/a Sq. Ft. (+/-)

Assessment and Taxes:

Fiscal Year: 2017
 Assessment: \$1,063,500
 Tax Burden: \$28,819.04

Highest and Best Use:

As Vacant: Please see report for discussion
 As Improved: Not applicable

Opinion(s) of Value:

	As is		With new zoning	
<u>Approach</u>	<u>Value</u>	<u>Scenario</u>	<u>Value</u>	<u>Scenario</u>
Income:	not developed	As Is	not developed	As Is
Sales Comparison:	\$1,090,000	As Is	\$3,040,000	As Is
Cost:	not developed	As Is	not developed	As Is
Final Value Opinion:	\$1,090,000	As Is	\$3,040,000	As Is

EXHIBIT 6: SITE PLANS & ZONING/PERMITTING

The location is zoned under 40R, and multi-family housing is permitted. The project will be reviewed by the Planning Board, the Design Review Board, and the Parking and Traffic Committee to be fully permitted. We anticipate that this approval process will be complete by November 2018.

A Phase 1 environmental report was completed in July 2017. It found no Recognized Environmental Conditions, and classified the site as low/moderate risk. The full environmental report is available, and can be provided at your request.

The building will have new high efficiency mechanical systems and fresh air supplied to all the units. We hope to provide solar panels on the roof.

- Map of site location
- Survey plan
- Photos of site and surrounding neighborhood
- Site plans, floor plans, elevations, and renderings
- Phase 1 Environmental report – Executive Summary

Google Maps 108 Sohier Rd



Map data ©2018 Google 500 ft



HCP Anchor Point
125 Dodge Street
Beverly, Massachusetts 01915
www.anchorpoint.com

Siemasko + Verbridge
100 South Elm Street, Suite 100
Beverly, Massachusetts 01915
www.siemasko.com

Architecture
Interior Design
Landscape Design
Project #11133102
Date: April 24, 2018
Drawn by: [blank]
Checked by: [blank]

SITE IMAGES

Revisions	Rev	Date & Time Description	Drawn By	Checked By
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VIEW FROM INTERSECTION OF SOHIER ROAD AND HILLTOP DRIVE



VIEW FROM SOHIER ROAD



SITE PLAN OVERVIEW



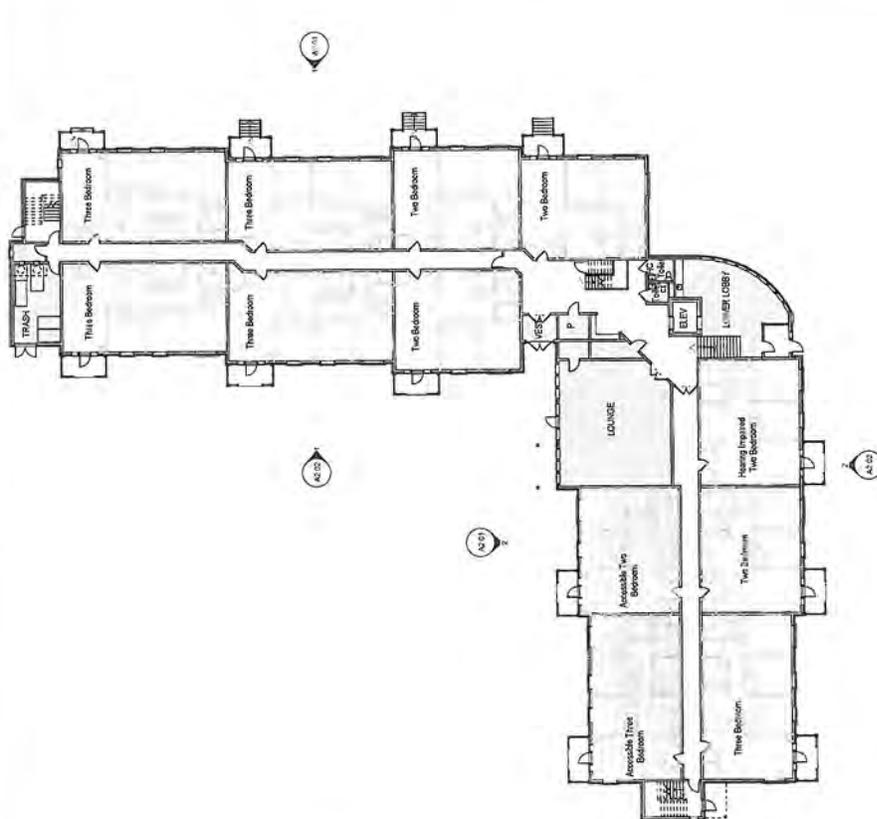
VIEW FROM SOHIER ROAD



VIEW FROM INTERSECTION OF SOHIER ROAD AND TOZER ROAD



VIEW FROM TOZER ROAD

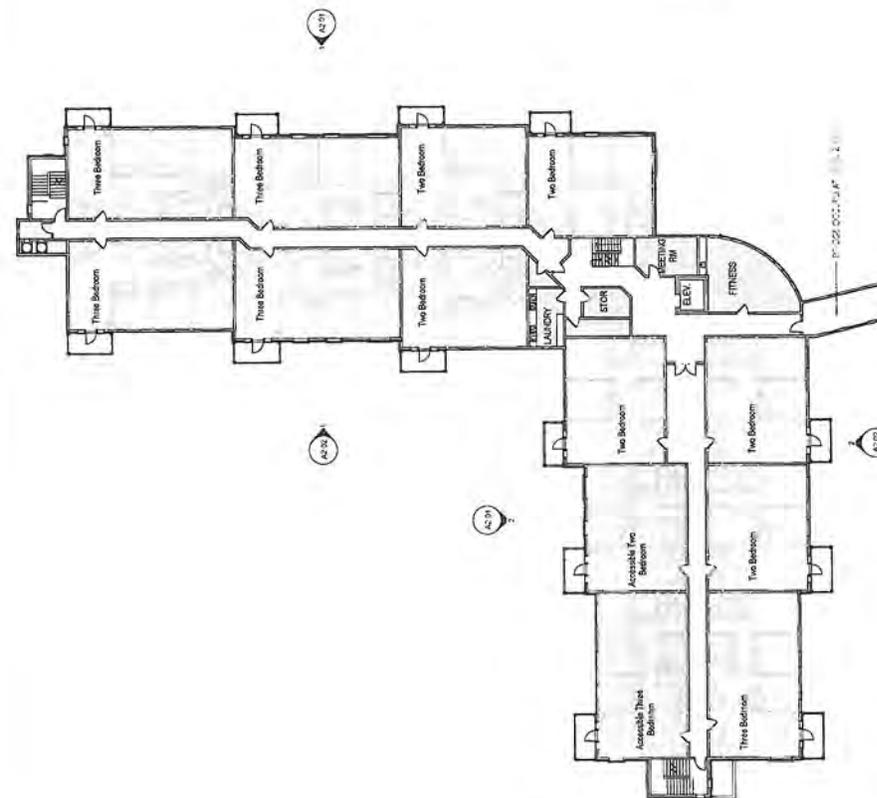


① BUILDING A - FIRST FLOOR LEVEL
1/16" = 1'-0"

BUILDING A SQUARE FOOTAGE	
FIRST FLOOR	19,000 SF
SECOND FLOOR	18,800 SF
THIRD FLOOR	18,600 SF
TOTAL BUILDING SQUARE FOOTAGE	56,400 SF

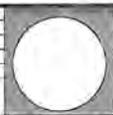
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 - MAINTENANCE
 - OFFICE
 - UNITS

BUILDING A UNIT MATRIX			
	TWO BEDROOM UNITS	THREE BEDROOM UNITS	TOTAL UNITS
FIRST FLOOR	6	6	12
SECOND FLOOR	7	6	13
THIRD FLOOR	7	6	13
TOTAL	20	18	38



② BUILDING A - SECOND AND THIRD FLOOR LEVELS
1/16" = 1'-0"

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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COMMUNITY BUILDING
PLANS

Architect
Interior Design
Decorative
Landscape Design
1234 5678
9101112131415161718192021222324252627282930313233343536373839404142434445464748495051525354555657585960616263646566676869707172737475767778798081828384858687888990919293949596979899100

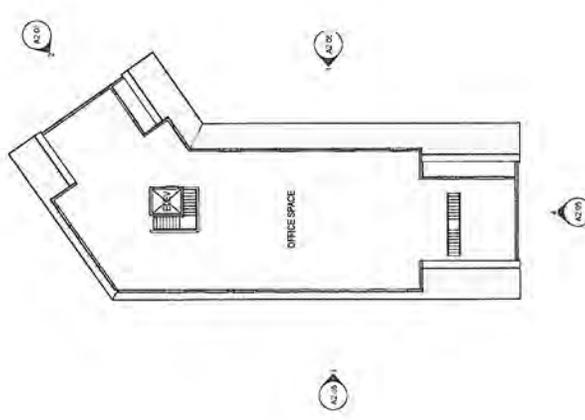
HCP Anchor Point
Proposed New Construction
1234 5678
9101112131415161718192021222324252627282930313233343536373839404142434445464748495051525354555657585960616263646566676869707172737475767778798081828384858687888990919293949596979899100

Siemasko + Verbridge
1234 5678
9101112131415161718192021222324252627282930313233343536373839404142434445464748495051525354555657585960616263646566676869707172737475767778798081828384858687888990919293949596979899100

A1.04



① COMMUNITY BUILDING- FIRST FLOOR LEVEL
1/16" = 1'-0"



② COMMUNITY BUILDING- SECOND FLOOR LEVEL
1/16" = 1'-0"

- Color Legend
- CIRCULATION
 - COMMON SPACES
 - MAINTENANCE
 - OFFICE
 - UNITS

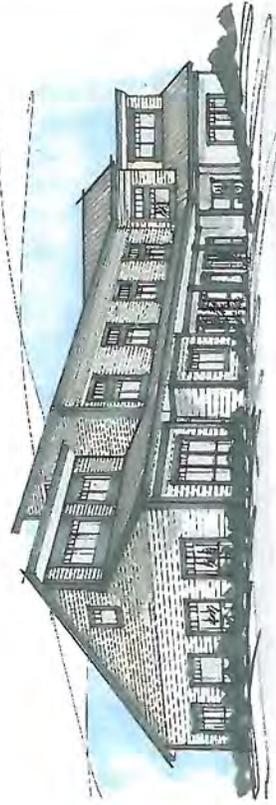
COMMUNITY BUILDING SQUARE FOOTAGE	
	SQUARE FOOTAGE
FIRST FLOOR	5,800 SF
SECOND FLOOR	5,000 SF
TOTAL BUILDING SQUARE FOOTAGE	10,800 SF



Revisions	DATE	BY
NO. 01	DATE & TIME	BY



BUILDING A FROM SOHIER ROAD



COMMUNITY BUILDING



BUILDING B FROM INTERSECTION OF SOHIER ROAD AND TOZER ROAD

Prepared For:
Ms. Kristin Carlson
Harborlight Community Partners
P.O. Box 507
Beverly, MA 01915

July 14, 2017

Phase I Environmental Site Assessment
106-108 Sohier Road
Beverly, MA 01915
IES Project No. 2017-06-0398

Prepared By:
IES, Inc.
50 Salem Street, Building A-Suite 108
Lynnfield, MA 01940
617-623-8880



IES, Inc. Project No. 2017-06-0398
July 14, 2017





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John Beck:	ex. 211
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Ligia Rivera:	ex. 207
Steven Iorio:	ex. 208

July 14, 2017

Ms. Kristin Carlson
Harborlight Community Partners
P.O. Box 507
Beverly, MA 01915

Re: Phase I Environmental Site Assessment
106-108 Sohier Road
Beverly, MA 01915
IES Project No. 2017-05-0312

Dear Ms. Carlson:

As requested, and in accordance with the Terms of our Contract, IES, Inc. has conducted a “Phase I Environmental Site Assessment” (ASTM E 1527-13) of the above referenced property. Please note that the USEPA has established that the revised ASTM E1527-13 Standard is consistent with the requirements of the final rule for All Appropriate Inquiries (AAI) and may be used to comply with the provisions of the rule.

The following is our **Executive Summary**, which details the major findings of the report:

1. This Phase I Environmental Site Assessment consisted of a historical review, a site inspection, and research of State and local files, as depicted in Sections 1 through 5 of this report.
2. The subject site consists of one, irregular-shaped parcel of land located at 106-108 Sohier Road, in the City of Beverly, MA. The subject site consists of a 5.065 acre unpaved, undeveloped lot, which is currently utilized as a materials staging yard by a paving contractor (Middlesex Corporation). According to Beverly municipal records, the subject site was never developed with any structures, but has been previously utilized as a parking lot associated with the former North Shore Community College to the north; and previously as part of the “Salem Reservoir.”
3. The site is not listed on any EPA or DEP databases. There were no Recognized Environmental Conditions (RECs) identified during this investigation. Recognized Environmental Conditions are defined as “the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, ground water, or surface water of the property”. Also, there were no Controlled Recognized Environmental Conditions (CRECs) or Historical Recognized Environmental Condition (HREC) identified at the subject site during this investigation.
4. On-site Potential Environmental Concerns (PECs) identified during this investigation include the presence of one, approximate 500-gallon diesel fuel transportable AST for vehicle filling on-site; and the storage of asphalt and fill materials at the site. However, according to The Middlesex Corporation,

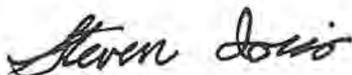


the stored asphalt and fill materials are only temporarily being staged at the site and no filling has or will be done at the property.

5. Nearby off-site Potential Environmental Concerns (PECs) identified during this investigation include the northwesterly adjoining electronics manufacturer (Microsemi) and RCRA Generator (MAD055991731) located at 34 Tozer Road; the westerly adjoining industrial packing company (Danvers Industrial Packaging) located at 39 Tozer Road; the westerly adjoining RCRA Generator (MAV000006289) located at 47 Tozer Road; the southerly adjoining RCRA Generator (MAV000012538) located at 100 Sohier Road; and the RCRA Generators located at 126 Sohier Road (MAD981065873 and MV9789229300), situated approximately 275 feet to the north of the subject site.
6. Due to the aforementioned on-site and off-site PECs, the site is considered a "**Low/Moderate Environmental Risk**" (see **Attachment "AAA"**) regarding soil and/or groundwater contamination. Further, it is our opinion that in accordance with IES's "**Cleanup Risk Rating**", which is depicted in **Attachment "AA"** immediately following this Summary, IES would classify the subject site as a "**Low/Moderate Cleanup Risk**", based on the apparent absence of any previous development of the site; and the statements by the Middlesex Corporation that no dumping or filling of the site has or will occur at the subject site.
7. Please note that if any contamination detected at the site originates from an off-site source, the site owner has the option to file a "Downgradient Property Status Submittal" pursuant to 310 CMR 40.0180. According to 310 CMR 40.0184 (1), "any person who establishes and maintains Downgradient Property Status.... Shall not be subject to the deadlines for Tier Classification and Comprehensive Response Actions" and applicable fees.
8. We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E-1527-13 of 106-108 Sohier Road in Beverly, MA, the property. Any exceptions to, or deletions from, this practice are described in this report. This assessment has revealed but no evidence of Recognized Environmental Conditions (RECs), Historical Recognized Environmental Conditions (HRECs), or Controlled Recognized Environmental Conditions (CRECs)..
9. Due to the absence of any RECs identified during this investigation, IES, Inc. has no recommendations for further inquiry at the subject site, at this time.

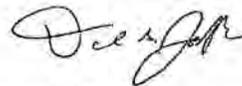
Furthermore, if additional data becomes available, or related quantitative or qualitative analysis is performed, IES should review the material to determine if the findings in this report should be modified.

Respectfully submitted,
IES, Inc.



Steve Iorio
Project Manager

Reviewed by:



Daniel Jaffe
President