

**YES HOUSING, INC. AND AFFILIATES**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2015**



Wealth Advisory

Outsourcing

Audit, Tax, and Consulting

**YES HOUSING, INC. AND AFFILIATES  
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YEAR ENDED DECEMBER 31, 2015**

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**YES HOUSING, INC. AND AFFILIATES  
OFFICIAL ROSTER  
DECEMBER 31, 2015**

**Board of Directors**

Dr. Beverlee McClure, Chair

Robert J. Avila, Vice Chairman

William M. Knauf, Secretary/Treasurer

Lawrence Chavez, Member

Kevin Caudill, Member

Ray Betzen, Member

Garrett Hennessy, Member

Augustine C. Baca, Nonvoting Member

Joseph R. Ortega, Nonvoting Member

**Executive Staff**

Augustine C. Baca, YES President/CEO

Joseph R. Ortega, Executive Vice President/COO

Clyde "Skip" Skinner, Senior Vice President/CFO

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
YES Housing, Inc. and Affiliates  
Albuquerque, New Mexico

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

We have audited the accompanying consolidated financial statements of YES Housing, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statement of activities, change in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Wildewood Apartments LP, Brentwood Garden Apartments LP, Gallup Sunset Hills LLLP, Montana Meadows Apartments LP, Los Tres Apartments LP, Vista Grande Apartments LP, Apple Ridge Apartments LP, Bella Vista Townhomes LP, Mesa Del Norte Apartments LP, YES Deming Mountain View Apartments LLLP, Otero Village Apartments LP, Roswell Summit Apartments LP (the Partnerships), limited liability companies in which Yes Housing, Inc. is the General Partner with ownership interest of .01% or less. The Partnerships' statements reflect total assets of \$74,782,440 as of December 31, 2015 and revenues of \$8,537,382 for the year ended December 31, 2015. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Partnerships, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, based on our audits and the audits of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of YES Housing, Inc. and Affiliates as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
June 28, 2016

**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,131,983
Restricted Cash and Cash Equivalents	1,295,589
Construction Costs Receivable	12,940
Rents and Miscellaneous Receivables	116,301
Prepaid Expenses and Deposit	268,129
Total Current Assets	<u>3,824,942</u>

**WORK IN PROGRESS**

24,135,975

**PROPERTY, FURNITURE AND EQUIPMENT, NET**

68,543,900

**OTHER ASSETS**

Debt-Issue Costs and Tax Credit Monitoring Fees, Net of Accumulated Amortization	1,679,521
Predevelopment Costs	16,565
Receivables - Affiliates	270,221
Notes Receivable - Affiliates	3,000,002
Investments in Limited Partnerships	522,064
Investments in Marketable Securities	1,563,015
Development Fees Receivable	17,290
Restricted Cash and Cash Equivalents	3,654,414
Restricted Investments (457(b) Plan)	451,289
Total Other Assets	<u>11,174,381</u>

Total Assets

\$ 107,679,198

See accompanying Notes to Financial Statements.

## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES

Long-Term Debt - Current Maturities	\$ 15,331,932
Accrued Interest Payable	156,015
Accounts Payable	2,501,946
Accrued Salaries and Payroll Taxes	110,967
Tenant Prepaid Rent	23,999
Other Accrued Expenses	523,485
Security Deposits	258,359
Deferred AHP Revenue	240,000
Total Current Liabilities	<u>19,146,703</u>

### LONG-TERM LIABILITIES

Development Fee Payable	714,600
Asset Management Fee Payable	200,260
Accrued Interest Payable - Long-Term	375,478
Pension Plan Liability	451,289
Long-Term Debt, Less Current Maturities	48,165,559
Total Long-Term Liabilities	<u>49,907,186</u>

Total Liabilities 69,053,889

### NET ASSETS

Unrestricted	6,059,099
Partners' Deficit	(1,470,742)
Net Assets Attributable to YES Housing, Inc. and Affiliates	<u>4,588,357</u>

Noncontrolling Interest 34,036,952

Total Net Assets 38,625,309

Total Liabilities and Net Assets \$ 107,679,198

**YES HOUSING, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

**UNRESTRICTED NET ASSETS**

Support and Revenue:	
Rent	\$ 8,767,895
Grant Revenue	1,145,752
Development Fees	117,994
Interest	258,612
Net Unrealized/Realized Gain (Loss) on Investments	(166,897)
Other Revenue	406,753
Total Revenue	<u>10,530,109</u>
Expenses:	
Program	13,145,581
General and Administrative	659,646
Total Expenses	<u>13,805,227</u>
<b>TOTAL CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>(3,275,118)</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTEREST</b>	<b><u>(1,736,104)</u></b>
<b>CHANGE IN UNRESTRICTED NET ASSETS ATTRIBUTABLE TO YES HOUSING, INC.</b>	<b><u><u>\$ (1,539,014)</u></u></b>

See accompanying Notes to Financial Statements.



**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Non-Controlling Interest</u>	<u>Total</u>
<b>BALANCE - DECEMBER 31, 2014</b>	\$ 6,310,436	\$ 28,201,774	\$ 34,512,210
Capital Contributions	-	7,571,282	7,571,282
Distributions	(183,065)	-	(183,065)
Change in Net Assets	<u>(1,539,014)</u>	<u>(1,736,104)</u>	<u>(3,275,118)</u>
<b>BALANCE - DECEMBER 31, 2015</b>	<u>\$ 4,588,357</u>	<u>\$ 34,036,952</u>	<u>\$ 38,625,309</u>

See accompanying Notes to Financial Statements.

**YES HOUSING, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Rents	\$ 8,777,597
Cash Received from Grantors	1,145,752
Interest Received	258,612
Cash Received from Development Fees	84,139
Cash Paid for Management Fees	35,432
Other Cash Receipts	4,276
Interest Paid	(2,110,514)
Cash Paid to Suppliers and Employees	(6,001,999)
Net Cash Provided by Operating Activities	<u>2,193,295</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Advances on Notes Receivable	(98,181)
Proceeds from Sales of Investments	1,793
Purchases of Investments	(366,166)
Additions to Restricted Cash and Investments Balances	(521,529)
Purchases of Property and Equipment	(23,182,218)
Net Cash Used by Investing Activities	<u>(24,166,301)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Debt Issuance Costs	238,322
Proceeds from Loans	27,560,854
Payment on Loans	(14,261,169)
Capital Contribution	7,571,282
Distribution	(183,065)
Net Cash Provided by Financing Activities	<u>20,926,224</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (1,046,782)

Cash and Cash Equivalents - Beginning of Year (Unrestricted) 3,178,765

**CASH AND CASH EQUIVALENTS - END OF YEAR (UNRESTRICTED)** \$ 2,131,983

**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets \$ (1,539,014)

**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Gain on Disposal of Assets	432,245
Depreciation and Amortization	3,105,712
Net Realized and Unrealized Loss on Investments	166,897
Reinvested Dividends and Interest	(24,511)
Non-Controlling Interest	(1,736,104)

Increase (Decrease) in:

Accounts Receivable - Affiliates	(147,615)
Construction Costs Receivable	35,432
Rents and Miscellaneous Receivables	(13,271)
Prepaid Expenses and Deposit	(20,312)
Predevelopment Costs	(16,565)
Development Fees Receivable	(17,290)

Increase (Decrease) in:

Accrued Interest Payable	101,383
Accounts Payable	2,051,708
Accrued Salaries and Payroll Taxes	(32,724)
Tenant Prepaid Rent	9,702
Other Accrued Expenses	72,722
Deferred Revenue	(240,000)
Security Deposits	4,900

Total Adjustments

3,732,309

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

\$ 2,193,295

**NON-CASH ACTIVITIES**

During the period ended December 31, 2015, YES reflected additions to property and equipment totaling \$1,140,942 representing the accrual of the development fees and interest associated with construction loans.

**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 2,026,628	\$ 397,466	\$ 2,424,094
Payroll Taxes	423,538	30,454	453,992
Employee Benefits	237,551	136,537	374,088
Total Personnel Expenses	<u>2,687,717</u>	<u>564,457</u>	<u>3,252,174</u>
Depreciation and Amortization	3,073,297	32,415	3,105,712
Donations Expense	-	4,150	4,150
Duplication and Publishing	1,343	587	1,930
Equipment	19,484	2,188	21,672
Insurance	341,220	6,690	347,910
Interest	2,203,875	8,022	2,211,897
Loss (Gain) on Disposal of Assets	432,363	(118)	432,245
Other Expenses	507,057	12,355	519,412
Predevelopment Costs	69,973	-	69,973
Professional Fees	328,296	20,411	348,707
Property Management	541,131	-	541,131
Property Taxes	397,779	-	397,779
Rent	92,672	-	92,672
Repairs and Maintenance	813,614	2,668	816,282
Social Services	314,552	-	314,552
Telephone and Utilities	1,266,956	4,256	1,271,212
Training	23,501	1,484	24,985
Travel	30,751	81	30,832
Total Other Expenses	<u>10,457,864</u>	<u>95,189</u>	<u>10,553,053</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 13,145,581</u></u>	<u><u>\$ 659,646</u></u>	<u><u>\$ 13,805,227</u></u>

See accompanying Notes to Financial Statements.

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Definition of Reporting Entity**

YES Housing, Inc. (YES) was incorporated in the State of New Mexico in 1990. The purpose of YES is to provide housing; housing counseling; economic development; and opportunities for youth, families and the elderly nationwide; and to participate in such activities, ventures, sales, leases, loans and investments as may be expected to provide capital or other benefits in furtherance of the above-mentioned activities. YES develops, owns and manages multi-family communities to provide a better quality of life to those served.

On August 20, 2002, YES Housing of Arizona, Inc. (a wholly owned subsidiary) incorporated under the Arizona Nonprofit Corporation Act in order to relieve the burdens on the poor, distressed, elderly and handicapped through the provision of affordable housing.

**Principles of Consolidation**

The consolidated financial statements include the accounts of YES and YES Housing of Arizona, Inc., and its 100% owned entities, Yes 6900 Gonzales, LLC; YES La Hacienda LLC and YES NSP LLC. Additionally, YES owns limited liability companies whose sole activity consists of General Partner ownership interests of .01% or less of various limited partnerships, which are also consolidated as they meet the consolidation requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810-20-25. These GP investments are: Wildewood Apartments LP, Brentwood Garden Apartments LP, Gallup Sunset Hills LLLP, Montana Meadows Apartments LP, Los Tres Apartments LP, Vista Grande Apartments LP, Apple Ridge Apartments LP, Bella Vista Townhomes LP, Mesa Del Norte Apartments LP, YES Deming Mountain View Apartments LLLP, Otero Village Apartments LP, Roswell Summit Apartments LP, New Leaf Apartments LLLP, and UR 205 Silver LLC. All material intercompany transactions have been eliminated.

**Use of Estimates in Preparing Financial Statements**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the methods and lives used to compute depreciation expense, and the allowance for uncollectible accounts. Accordingly, actual results could differ from those estimates.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of ASC 958, Not-for-Profit Entities. Under ASC 958, YES is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, YES is required to present a consolidated statement of cash flows. No temporarily or permanently restricted assets were held during the year ended December 31, 2015 and,

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (continued)**

accordingly, these consolidated financial statements do not reflect any activity related to these classes of net assets.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

**Cash and Cash Equivalents**

For purposes of preparing the consolidated statement of cash flows, YES considers all undesignated interest-bearing accounts and debt instruments with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents may be held in separate accounts for purposes related to notes, for the purchase of various apartment complexes or board designation.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

At December 31, 2015, there were no amounts recorded in the allowance for doubtful accounts and \$4,343 was past due 90 days or longer. Historical uncollectible receivables have not been material to the financial statements.

**Property, Furniture and Equipment**

Property, furniture and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Assets costing \$500 or more are capitalized. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets, as follows:

Computer equipment and software	3 – 5 years
Furniture and equipment	3 – 12 years
Automobiles	5 years
Buildings and improvements	10 – 40 years

Assets purchased with funds from grant sources are expensed in the year of purchase as title to these assets remains with the grant sources.

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Debt-Issue Costs and Tax Credit Monitoring Fees**

Costs related to the financing of apartment complexes and monitoring of tax credits are being amortized over the term of the related loans or tax credit life using the effective interest method.

**Impairment of Long-lived Assets**

YES reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or the fair value less costs to sell. There was no impairment of long-lived assets at December 31, 2015.

**Predevelopment Costs**

YES capitalizes all costs associated with the predevelopment of a project. Any cost reimbursed as part of closing will be included as part of the initial building cost. Amounts not reimbursed are expensed at that time.

**Investments in Limited Partnerships**

Investments in limited partnerships are carried at cost, adjusted for the company's proportionate share of the undistributed earnings and losses.

**Investments in Marketable Securities**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Investment income or loss (including gain or losses on investment, interest and dividends) is included in the consolidated statement of activities as an increase or decrease in unrestricted net assets unless income or loss is restricted by donor or law.

Investments consist principally of marketable debt and equity securities. Fair value of investments in securities is based on the last reported sales price as of December 31, 2015.

**Donated Services and Materials**

YES recognizes contributions of services if the services create or enhance financial assets, require specialized skills, and would have been purchased had they not been provided as a contribution. Recognized contributed services are recorded at the fair value of the services on the date of donation. Significant donations of materials are recorded at their fair value on the date of donation.

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Support**

YES reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are subject to donor-imposed restrictions that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

**Income Tax Status**

With the exceptions of the Partnerships, all entities of YES and YES Housing of Arizona are non-profit corporations and qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) and are classified as other than private foundations. As such, their normal activities do not result in any income tax liability. YES did not incur any unrelated business taxable income for the year ended December 31, 2015. As a result, YES did not recognize federal and state income tax for the year ended December 31, 2015.

Wildewood Apartments LP, Brentwood Garden Apartments LP, Gallup Sunset Hills LLLP, Montana Meadows Apartments LP, Los Tres Apartments LP, Vista Grande Apartments LP, Apple Ridge Apartments LP, Bella Vista Townhomes LP, Mesa Del Norte Apartments LP, YES Deming Mountain View Apartments LLLP, Otero Village Apartments LP, Roswell Summit Apartments LP, New Leaf Apartments LLLP, and UR 205 Silver LLC, as Partnerships, are not subject to federal income tax. The partners separately account for their pro-rata share of the Partnerships' items of income, deductions, losses, and credits. Therefore, no provision is made in the accompanying consolidated financial statements for liabilities for federal, state or local income taxes since such liabilities are the responsibility of the individual partners.

YES would recognize accrued interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. There was no such interest or penalties recorded for the year ended December 31, 2015.

YES files informational tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, YES is subject to examination by federal, state, local and foreign jurisdictions, where applicable.

**Functional Allocation of Expense**

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncement**

During the year ended December 31, 2015, the entity early adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. This provision eliminates the requirement for entities, other than public business entities, to disclose the fair values of financial instruments carried at amortized cost, as previously required by Accounting Standards Codification (ASC) 825-10-50. As such, the entity has omitted this disclosure for the year ended December 31, 2015. The early adoption of this provision did not have an impact on YES' financial position or results of operations.

**Subsequent Events**

Management evaluated subsequent events through June 28, 2016, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2015, but prior to June 28, 2016, that provided additional evidence about conditions that existed at December 31, 2015, have been recognized in the consolidated financial statements for the year ended December 31, 2015. Events or transactions that provided evidence about conditions that did not exist at December 31, 2015, but arose before the consolidated financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2015.

On April 1, 2016, YES Housing, Inc. purchased the National Development Council's (NDC) interest in YES Otero Village, LLC. for \$3,000 in legal fees. The amended partnership agreement now identifies YES Otero Village, LLC. as the general partner and YES Housing, Inc. as the limited partner.

On April 12, 2016, Wildewood Apartments LP was closed and the outstanding loan was refinanced.

On June 7, 2016, Vista Grande Apartments LP received a Notification of Default Mortgage Payment from a lender. The property is in the process of filing a payment of partial claims (PPC) with the U.S. Department of Housing and Urban Development (HUD).

**NOTE 2 DESIGNATED AND RESTRICTED CASH AND CASH EQUIVALENTS**

YES maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. YES has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash or cash equivalents.

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 2 DESIGNATED AND RESTRICTED CASH AND CASH EQUIVALENTS (CONTINUED)**

Amounts included in cash and cash equivalents that are designated and restricted as of December 31, 2015 consist of the following:

Replacement reserve	\$ 1,301,809
Debt service reserve	1,127,039
Operating deficit reserve	1,071,509
Trustee account	554,873
Escrow deposits	328,949
Security deposits	256,317
Money market fund	165,323
Other	125,223
Interest reserve	18,961
Total	<u>\$ 4,950,003</u>

The money market fund in the amount of \$165,323 as of December 31, 2015 was established during the fiscal year ended June 30, 2008. The use of the funds is subject to the Board of Directors' approval.

Restricted funds are held in bank accounts and money market accounts, some of which invest in federal treasury obligations which market value approximates cost.

**NOTE 3 PROPERTY, FURNITURE AND EQUIPMENT**

At December 31, 2015, property, furniture and equipment consisted of the following:

Buildings	\$ 68,177,092
Buildings/Land Improvements	16,066,871
Furniture and Equipment	<u>3,286,890</u>
	87,530,853
Less: Accumulated Depreciation	<u>(27,420,857)</u>
	60,109,996
Land	<u>8,433,904</u>
Property, Furniture and Equipment, Net	<u>\$ 68,543,900</u>

Depreciation expense for the year ended December 31, 2015 totaled \$2,503,878.

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 4 DEBT-ISSUE COSTS AND TAX CREDIT MONITORING FEES**

Costs related to the financing of apartment complexes and tax credit monitoring are being amortized over the term of the related loans and tax credits. Debt-issue costs and tax credit monitoring fees and related accumulated amortization as of December 31, 2015 are as follows:

Debt-Issue Costs	\$ 2,384,922
Tax Credit Monitoring Fees	299,663
Less: Accumulated Amortization	<u>(1,005,064)</u>
Total	<u>\$ 1,679,521</u>

Amortization expense for the year ended December 31, 2015 totaled \$601,834.

**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS**

In determining fair value, YES uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Except for certificates of deposit, investments are measured at fair value using Level 1 inputs. The fair values are based on quoted market prices at the reporting date. Certificates of Deposit are carried at cost, which in management's opinion approximates fair market value.

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31, 2015.

	Fair Value Measurement Using			Total	Cost Basis
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments in Marketable Securities:					
Mutual Funds:					
Growth Funds	\$ 492,195	\$ -	\$ -	\$ 492,195	\$ 426,948
Bond Funds	461,208	-	-	461,208	488,643
Value Funds	524,652	-	-	524,652	498,762
Emerging Markets	84,960	-	-	84,960	79,468
Subtotal	<u>1,563,015</u>	<u>-</u>	<u>-</u>	<u>1,563,015</u>	<u>1,493,821</u>
Restricted Investments (457(b) Plan):					
Mutual Funds:					
Growth Funds	35,170	-	-	35,170	48,816
Bond Funds	11,472	-	-	11,472	7,288
Value Funds	23,824	-	-	23,824	29,116
Fixed Income	373,037	-	-	373,037	299,943
Growth & Value Funds	7,786	-	-	7,786	18,861
Subtotal	<u>451,289</u>	<u>-</u>	<u>-</u>	<u>451,289</u>	<u>404,024</u>
Total	<u>\$ 2,014,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,014,304</u>	<u>\$ 1,897,845</u>

A summary of return on investments consists of the following for the year ended December 31, 2015:

Net Realized Loss	\$ 55,285
Net Unrealized Loss	<u>111,612</u>
Total	<u>\$ 166,897</u>

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6 LONG-TERM DEBT**

At December 31, 2015, long-term debt consisted of the following:

<p>Los Tres - Note payable to Walker &amp; Dunlop, LLC, assigned to Federal Home Loan Mortgage Corporation, bearing interest at LIBOR plus 2.31% with a 30 year amortization. Monthly principal and interest payments, matures on March 31, 2045.</p>	<p>\$ 7,729,121</p>
<p>New Leaf - Construction loan payable to US Bank, bearing interest at LIBOR plus 225 basis points, payable in monthly installments of accrued interest only, commencing January 1, 2015 through the maturity date, December 18, 2016.</p>	<p>6,267,351</p>
<p>Imperial - Construction loan payable to JP Morgan Chase Bank, bearing interest of 2.68%, commencing on December 30, 2014, no payments on note until buy down or pay off, interest accrues on top of principal, matures February 28, 2017.</p>	<p>5,187,354</p>
<p>Brentwood Gardens - Note payable to Region III Housing Authority, New Mexico, bearing interest at 6.85%, interest due semi-annually on June 1 and December 1; principal payment due December 1, secured by deed of trust, matures on December 1, 2031.</p>	<p>3,935,000</p>
<p>Vista Grande - Note payable to Wells Fargo Multi-Family Capital, bearing interest at 5.45%, insured by HUD under Section (d)(4) of the National Housing Act, secured by first deed of trust, matures in March 2045.</p>	<p>3,763,533</p>
<p>YES UR 205 Silver, LLC - City of Albuquerque Home Funds note payable bearing interest at 3.5% per annum, secured by the property, matures on January 1, 2072.</p>	<p>3,350,000</p>
<p>YES Casitas De Colores - City of Albuquerque Home Funds note payable bearing interest at 2.4% per annum, secured by the property, matures on January 1, 2045.</p>	<p>3,000,000</p>
<p>Apple Ridge - Note payable to San Juan County, New Mexico, bearing interest at 7.25%, interest due semi-annually on June 1 and December 1, principal payment due December 1, secured by deed of trust, matures on December 1, 2031.</p>	<p>2,745,000</p>

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

Solar Villas - Note payable to Bernalillo County, New Mexico, Subordinate Series 1997G note, interest only payments until October 15, 2027, at which time payment of principal is due; with interest at 8.75%, secured with real estate, furniture and equipment.	\$ 2,600,000
YES La Hacienda - New Mexico Mortgage Finance Authority, 0% interest, maturity date March 2031. Repayments are made from excess cash flows and remaining balance to be forgiven upon satisfactory completion of affordability period.	2,322,473
Montana Meadows - Note payable to Dona Ana County, New Mexico, bearing interest at 7%, interest due semi-annually on June 1 and December 1, principal payment due December 1, secured by deed of trust, matures on December 1, 2030.	1,995,000
Wildewood - Note payable to Regional Housing Authority for Region VI, New Mexico, bearing interest at 7.5%, interest due semi-annually on June 1 and December 1; principal payment due December 1, secured by deed of trust, matures on December 1, 2030.	1,875,000
Los Tres - Notes payable to City of Phoenix, Arizona, bearing interest at 0% until December 15, 2015 and a rate of 4% simple interest thereafter; annual payments of interest and principal due from available cash flow, secured by a subordinate deed of trust, matures on May 2, 2046.	1,800,000
Sunset Hills - Loan Payable to USDA, Rural Development, bearing interest at 3.75%; however, a subsidy agreement entered into with RD which effectively lowers interest rate to 1%, secured by the apartment project, matures December 18, 2043.	1,614,124
Gonzales/Charter School - Raza Development Fund, Inc., monthly principal and interest payments of \$9,455 through December 14, 2016, with interest at 6.50%, secured by real estate.	1,133,438
New Leaf - Construction note payable to New Mexico Mortgage Finance Authority HTF, bearing interest at 3% per annum and payable on the first day of each month, beginning January 1, 2015 and maturing December 18, 2016.	1,000,000

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

Solar Villas - Note payable to Bernalillo County, New Mexico, Senior Series 1997F note, bearing interest at 7.25%, interest due semi-annually on April 15 and October 15; principal payment due October 15, secured with real estate, furniture and equipment, matures on October 15, 2022.	\$ 895,000
Imperial - Construction note payable to New Mexico Mortgage Finance Authority HTF, bearing interest at 3% per annum and payable on the first day of each month, beginning January 1, 2015, maturing February 28, 2017.	788,508
Roswell Summit - Mortgage payable to New Mexico Mortgage Finance Authority in monthly installments, bearing interest at 6%, matures on December 1, 2043.	787,908
Sunset Hills - Note payable to New Mexico Mortgage Finance Authority in monthly installments of \$4,834, commencing June 1, 2015, bearing interest at 3%, secured by deed of trust, matures on May 1, 2030.	678,249
YES Mountain View Deming - Loan Payable to USDA, Rural Development, bearing interest at 3.5%; however, a subsidy agreement entered into with RD which effectively lowers interest rate to 1%, secured by the apartment project, matures December 1, 2041.	651,290
Bella Vista - Mortgage loan payable to Pacific Life Insurance Company, bearing interest at 7.93%, monthly payments due until maturity on August 1, 2027.	639,671
Otero Village - Note payable to New Mexico Mortgage Finance Authority in monthly installments of \$4,535, bearing interest at 7.89%, secured by deed of trust, matures on November 1, 2041.	599,838
YES Mountain View Deming - Mortgage loan payable to the New Mexico Mortgage Finance Authority through a HOME agreement, bearing interest at 3%, amortizing loan with a 378 month term due at the earlier of sale or refinance of the Project or on maturity at May 1, 2043.	566,856
Los Tres - Note payable to State of Arizona, Arizona Department of Housing, bearing interest at 0% until May 31, 2020 and 4% thereafter; annual payments of interest and principal due from available cash flow, secured by a subordinate deed of trust, matures on June 30, 2050.	500,000

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

<p>YES New Leaf - City of Hobbs Development Funds promissory note, non-interest bearing, secured by the property, matures on January 1, 2030.</p>	<p>\$ 500,000</p>
<p>New Leaf - Permanent note payable to New Mexico Mortgage Finance Authority HTF, bearing interest at 3% per annum, monthly principal and interest payments are due beginning January 1, 2017, maturing December 1, 2046.</p>	<p>500,000</p>
<p>Mesa Del Norte - Mortgage loan payable to the New Mexico Mortgage Finance Authority through a HOME agreement, non-interest bearing for the first 18 months, monthly payments to begin on June 1, 2014, secured by the mortgage encumbering the Project, matures on May 1, 2054.</p>	<p>490,104</p>
<p>Roswell Summit - Mortgage loan payable to the New Mexico Mortgage Finance Authority through a HOME agreement, bearing interest at 4.63%, non-amortizing loan with a 480 month term due at the earlier of sale or refinance of the Project or until maturity at December 12, 2042.</p>	<p>490,000</p>
<p>Mesa Del Norte - Housing Trust Fund Loan payable to the New Mexico Mortgage Finance Authority, bearing interest at 3%, interest only payments until February 1, 2014, principal and interest payments thereafter, secured by a third mortgage and a Land Use Restriction Agreement against the Project, matures on May 1, 2044.</p>	<p>479,713</p>
<p>YES Mountain View Deming - Housing Trust Fund Loan payable to the New Mexico Mortgage Finance Authority, bearing interest at 3%, monthly payments of principal and interest are due, any outstanding principal and interest are due on February 1, 2043.</p>	<p>472,379</p>
<p>Mesa del Norte - Mortgage payable to Pacific Life Insurance Company, bearing interest of 5.83%, principal and interest payments of \$2,649 due monthly, secured by the project, matures on June 1, 2032.</p>	<p>441,318</p>
<p>Sunset Hills - Note payable to New Mexico Mortgage Finance Authority in monthly installments of \$2,693, bearing interest at 1%, secured by deed of trust, matures on May 1, 2030.</p>	<p>433,732</p>



**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

<p>New Leaf - Note payable to New Mexico Mortgage Finance Authority, non-interest bearing note. Principal payments made monthly, beginning January 1, 2017; matures December 1, 2056.</p>	<p>\$ 405,000</p>
<p>Otero Village - Note payable to the New Mexico Mortgage Finance Authority, interest only payments due monthly at 1%, secured by deed of trust, matures on January 10, 2041.</p>	<p>400,000</p>
<p>YES - Wells Fargo Community Development Corporation, quarterly interest only payments equal to 2% on outstanding principal through June 22, 2015. Loan automatically extends for two years upon maturity unless lender is notified in writing thirty days prior to maturity date. Upon extension, quarterly interest payments equal to 2% on outstanding principal plus eight equal principal installments, commencing on September 22, 2015 through June 22, 2017.</p>	<p>400,000</p>
<p>YES UR 205 Silver, LLC - promissory payable assigned through the Federal Home Loan Bank bearing interest at 3% per annum. Residual Receipts payments due annually effective May 1, 2016. Principal and all accrued and unpaid interest due at maturity, January 1, 2072. Secured by a Mortgage and Security Agreement.</p>	<p>378,000</p>
<p>Bella Vista - Mortgage loan payable to the New Mexico Mortgage Finance Authority through a HOME agreement, bearing interest at 4.37%, non-amortizing loan with a 480 month term due at the earlier of sale or refinance of the Project or until maturity at January 1, 2048.</p>	<p>366,000</p>
<p>Penn Building - U.S. Bank, monthly principal and interest payments of \$4,238 through May 2023, bearing interest of 4.31% through May 2018 and 3.0% plus a premium thereafter, secured by real estate.</p>	<p>335,019</p>
<p>Stinson - U.S. Bank, monthly principal and interest payments of \$3,466 through June 10, 2018, with interest at 4.27%, with real estate pledged as collateral.</p>	<p>323,236</p>
<p>Mesa Del Norte - Promissory note payable to YES, assigned through the Federal Home Loan Bank, bearing interest at 1%, compounded annually. Matures on December 31, 2031.</p>	<p>252,000</p>

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6    LONG-TERM DEBT (CONTINUED)**

<p>Wildewood - Note payable to Regional Housing Authority for Region VI, New Mexico, bearing interest at 8.75%, interest due semi-annually on June 1 and December 1; principal payment due December 1, secured by deed of trust, matures on December 1, 2020.</p>	<p>\$    112,000</p>
<p>901 Pennsylvania, Loan #2 - US Bank monthly principal and interest payments of \$1,365 through May 10, 2023, with a final payment of \$8,295. The interest rate is 3.92% and is secured by any and all security interests, pledges, mortgages/deeds of trust or liens.</p>	<p>110,230</p>
<p>YES UR 205 Silver LLC - MRB - Promissory note payable bearing interest at 3.5% per annum. Residual Receipts payments due annually effective May 1, 2016. Principal and all accrued and unpaid interest due at maturity, January 1, 2072. Secured by a Mortgage and Security Agreement.</p>	<p>80,046</p>
<p>Montana Meadows - Note payable to Dona Ana County, New Mexico, bearing interest at 8.5%, interest due semi-annually on June 1 and December 1, principal payment due December 1, secured by deed of trust, matures on December 1, 2021.</p>	<p>59,000</p>
<p>Apple Ridge - Note payable to San Juan County, New Mexico, bearing interest at 8.75%, interest due semi-annually on June 1 and December 1, principal payment due December 1, secured by deed of trust, matures on December 1, 2016.</p>	<p style="text-align: right;">45,000</p>
Total Long-Term Debt	<p style="text-align: right;"><u>63,497,491</u></p>
Less: Current Maturities	<p style="text-align: right;"><u>(15,331,932)</u></p>
Total Long-Term Debt, Net of Current Maturities	<p style="text-align: right;"><u><u>\$ 48,165,559</u></u></p>

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

Aggregate maturities of long-term debt as of December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 15,331,932
2017	999,142
2018	1,271,160
2019	1,260,083
2020	1,315,832
Thereafter	43,319,342
Total	<u>\$ 63,497,491</u>

Interest expense incurred related to these notes for the year ended December 31, 2015 totaled \$2,211,684.

**NOTE 7 RENTAL REVENUE**

In June 2013, YES entered into an agreement to lease one of its buildings. The lease began June 2013 and expires June 2016, with monthly rent of \$8,384. Rental revenue related to this lease for the year ended December 31, 2015 was \$100,608.

In September 2000, YES entered into an agreement to lease one of its buildings which expires in April 2023. Rental revenue related to this lease for the year ended December 31, 2015 was \$115,444. Rental payments due under the leases are to be adjusted each year by the lesser of the Consumer Price Index or 3%.

In January 2008, YES entered into an agreement to lease another of its buildings. The agreement expires in December 2015. Rental revenue related to this lease for the year ended December 31, 2015 was \$16,200.

Future expected rent revenue at December 31, 2015 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 184,662
2017	137,903
2018	125,354
2019	129,115
2020	132,988
Thereafter	325,556
Total	<u>\$ 1,035,578</u>

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 8 RETIREMENT PLAN**

Full-time regular employees of YES can participate in a retirement plan designed to comply with the requirements of Section 403(b) of the Internal Revenue Code. This plan is classified as a defined contribution plan. The employee contributions to the plan are considered a reduction of salary for federal income tax purposes.

All full-time regular employees are eligible to participate in this plan on their first day of employment. After six months of service, YES makes a 10% (effective July 1, 2007) matching contribution of the employee's gross salary to the plan, if the employee contributes at least 3% of their bi-weekly gross salary. YES contributed \$166,805 to the retirement plan during the year ended December 31, 2015.

During fiscal year 2007, YES adopted a 457(b) Retirement Plan wherein the employer contributes 10% of eligible participants' bi-weekly gross pay, which is accrued on YES' consolidated statement of financial position until the employee is eligible for retirement. Designated members of Senior Management (Chief Executive Officer, Executive Vice President/Chief Operations Officer and Senior Vice President/Chief Financial Officer) are eligible employees for participation in this plan. This plan is subject to credit risk. YES contributed \$127,113 to the retirement plan during the year ended December 31, 2015. The related 457(b) Retirement Plan assets included in restricted investments as of December 31, 2015 totaled \$451,289 (Note 5).

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**Rent Increases**

Under U.S. Department of Housing and Urban Development (HUD) agreements, YES may not increase rents charged to tenants residing in Housing Assistance Payment Program properties without prior approval.

**Operating Leases**

YES leases equipment and office space under non-cancelable operating leases that expire at various dates through August 2017. YES entered into an agreement to lease office space. The lease runs through August 31, 2017. Rental payments due under this lease are to be adjusted each year by 3% and currently are \$5,998 per month. YES also entered into a lease to rent additional office space. Rental payments due under this lease are to be adjusted each year by 3% and are currently \$1,483 per month.

Future rent expense under all non-cancelable operating leases is expected to be as follows:

Year Ending December 31,	Amount
2016	\$ 101,778
2017	71,880
2018	7,246
Total	\$ 180,904

Lease payments related to all leases for the year ended December 31, 2015 totaled \$92,672.

**YES HOUSING, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Economic Dependence**

YES receives support from federal grants. During the year ended December 31, 2015, revenues earned from federal grants amounted to \$697,531 and represented 6.6% of total revenues and other support (net of unrealized and realized loss on investments) for the year ended December 31, 2015.

**NOTE 10 CONSOLIDATION**

The consolidated presentation of YES Housing, Inc. and Affiliates arises due to YES's position as general partner in fourteen limited partnerships which hold real estate. These are consolidated in accordance with ASC 810-20-25, *Consolidations*. As a result, certain income items earned by YES and paid to YES by the limited partnerships have been eliminated. For the year ended December 31, 2015, development fees of \$1,017,752, property management fees of \$6,927, interest revenue of \$7,896, construction management fees of \$150,000, partnership fees of \$460,280 and additional smaller amounts have been eliminated.

Additionally, YES's notes receivable from these partnerships (\$14,816,040), development fees receivable (\$3,383,703) and other receivables (\$900,547) have also been eliminated. Additionally, equity of \$8,304,694; work in progress of \$1,167,752, property, furniture and equipment of \$8,610,455; and various expense amounts attributable to the partnerships have been eliminated.

**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant	Roswell Service Summit Service Coordinator Grant
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 346,993	\$ 34,169	\$ 8,719	\$ -	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	165,323	-	-	-	-	-	-
Accounts Receivable - Affiliates	-	-	-	215,504	45,237	-	-
Construction Costs Receivable	-	-	37,956	-	-	-	-
Rents and Miscellaneous Receivables	102	-	-	-	-	6,523	7,597
Prepaid Expenses and Deposits	1,463	-	6,413	40,865	3,686	-	-
Interfund Receivables	17,409	32,645	2,589	2,152	3,476	550	514
Total Current Assets	531,290	66,814	55,677	258,521	52,399	7,073	8,111
<b>WORK IN PROGRESS</b>	-	-	-	-	-	-	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	72,631	-	1,126,463	-	-	-	-
<b>OTHER ASSETS</b>							
Debt-Issue Costs and Tax Credit	-	-	-	-	-	-	-
Monitoring Fees, Net	-	-	6,276	-	-	-	-
Predevelopment Costs	-	-	-	-	-	-	-
Receivables - Affiliates	521,149	-	-	-	-	-	-
Notes Receivable - Affiliates	14,657,202	-	-	5,587	-	-	-
Investments in Limited Partnerships	420,741	-	-	-	-	-	-
Investments in Marketable Securities	1,563,015	-	-	-	-	-	-
Development Fees Receivable	2,041,558	-	1,359,435	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-
Restricted Investments (457(b) Plan)	451,289	-	-	-	-	-	-
Total Other Assets	19,654,954	-	1,365,711	5,587	-	-	-
Total Assets	\$ 20,258,875	\$ 66,814	\$ 2,547,851	\$ 264,108	\$ 52,399	\$ 7,073	\$ 8,111
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Long-Term Debt - Current Maturities	\$ -	\$ -	\$ 534,361	\$ -	\$ -	\$ -	\$ -
Accrued Interest Payable	-	-	3,592	-	-	-	-
Accounts Payable	22,966	970	9,441	9,416	5,954	-	-
Accrued Salaries and Payroll Taxes	16,498	45,022	22,493	14,070	12,884	-	-
Tenant Prepaid Rent	-	-	-	-	-	-	-
Other Accrued Expenses	2,976	9,114	4,810	-	-	-	-
Security Deposits	-	-	-	-	-	-	-
Short-Term Promissory Notes Payable	-	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-	-
Interfund Payables	8,043	11,708	10,017	7,481	6,107	7,074	8,905
Total Current Liabilities	50,483	66,814	584,714	30,967	24,945	7,074	8,905
<b>LONG-TERM LIABILITIES</b>							
Due to Affiliates	-	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-	-
Development Fee Payable	-	-	-	-	-	-	-
Asset Management Fee Payable	-	-	-	-	-	-	-
Accrued Interest Payable - Long-Term	-	-	-	-	-	-	-
Pension Plan Liability	451,289	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities	7,880,000	-	294,842	-	-	-	-
Total Long-Term Liabilities	8,331,289	-	294,842	-	-	-	-
Total Liabilities	8,381,772	66,814	879,556	30,967	24,945	7,074	8,905
<b>NET ASSETS</b>							
Unrestricted	11,877,103	-	1,509,518	233,141	27,454	(1)	(794)
Capital Contribution	-	-	158,777	-	-	-	-
Partners' Capital (Deficit)	-	-	-	-	-	-	-
Net Assets Attributable to YES Housing, Inc. and Affiliates	11,877,103	-	1,668,295	233,141	27,454	(1)	(794)
Noncontrolling Interest	-	-	-	-	-	-	-
Total Net Assets	11,877,103	-	1,668,295	233,141	27,454	(1)	(794)
Total Liabilities and Net Assets	\$ 20,258,875	\$ 66,814	\$ 2,547,851	\$ 264,108	\$ 52,399	\$ 7,073	\$ 8,111

Neighborhood Stabilization Program II	Charter School	901 Pennsylvania	La Hacienda	Solar Villas Apartments	Transitional Living	YES of Arizona, Inc.	New Leaf Limited Partnership	UR 205 Silver LLC ( Imperial)	Wildewood Apartments Limited Partnership	Brentwood Garden Apartments Limited Partnership
\$ -	\$ -	\$ 41,212	35,455	10,053	\$ -	\$ 307	\$ 22,974	\$ 709,694	\$ 9,910	\$ 36,175
-	-	-	-	91,844	-	-	-	-	69,290	268,034
-	-	-	-	-	-	-	-	-	-	-
-	8,384	-	7,141	1,708	-	-	-	-	8,572	6,015
-	715	173	10,947	-	143	-	-	-	3,000	-
-	-	-	-	-	-	-	-	-	-	-
-	9,099	41,385	53,543	103,605	143	307	22,974	709,694	90,772	310,224
-	-	-	-	-	-	-	11,094,765	14,208,962	-	-
-	1,270,701	566,579	1,599,374	3,536,100	132,047	-	121,700	675,558	2,247,738	4,898,599
-	7,782	5,647	1,585	30,769	-	-	36,651	171,968	126,633	141,940
-	-	-	-	-	-	197,989	-	-	-	-
-	-	-	-	-	-	649,619	-	-	-	-
-	-	-	-	-	-	3,153,253	-	-	-	-
-	-	-	-	-	-	(1,369,419)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	283,121	310,297	-	-	-	-	314,652	543,052
-	-	-	-	-	-	-	-	-	-	-
-	7,782	5,647	284,706	341,066	-	2,631,442	36,651	171,968	441,285	684,992
<u>\$ -</u>	<u>\$ 1,287,582</u>	<u>\$ 613,611</u>	<u>\$ 1,937,623</u>	<u>\$ 3,980,771</u>	<u>\$ 132,190</u>	<u>\$ 2,631,749</u>	<u>\$ 11,276,090</u>	<u>\$ 15,766,182</u>	<u>\$ 2,779,795</u>	<u>\$ 5,893,815</u>
\$ -	\$ 627,471	\$ 49,379	\$ -	\$ 80,000	\$ -	\$ -	\$ 7,267,351	\$ 5,975,862	\$ 83,000	\$ 125,000
-	3,409	1,146	-	22,997	-	-	-	-	12,536	22,462
-	-	1,974	1,509	16,160	3,599	4,188	467,323	1,851,864	3,432	760
-	-	-	-	-	-	-	-	-	-	-
-	-	-	615	2,678	-	-	-	-	-	957
-	5,232	3,531	9,411	25,105	-	-	-	-	30,674	50,880
-	-	-	8,586	24,312	-	-	-	-	13,945	29,637
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	636,112	56,030	20,121	171,252	3,599	4,188	7,734,674	7,827,726	143,587	229,696
-	-	-	-	21,778	-	2,819,731	615,000	3,478,355	-	-
-	-	-	-	-	-	-	-	378,000	-	-
-	-	-	-	-	-	-	-	1,031,955	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	395,870	2,322,473	3,415,000	-	-	905,000	80,046	1,904,000	3,810,000
-	-	395,870	2,322,473	3,436,778	-	2,819,731	1,520,000	4,968,356	1,904,000	3,810,000
-	636,112	451,900	2,342,594	3,608,030	3,599	2,823,919	9,254,674	12,796,082	2,047,587	4,039,696
-	651,470	161,711	(404,971)	372,741	128,591	(192,170)	-	-	-	-
-	-	-	-	-	-	-	697,461	3,000	-	-
-	-	-	-	-	-	-	1,323,955	2,967,100	732,208	1,854,119
-	651,470	161,711	(404,971)	372,741	128,591	(192,170)	2,021,416	2,970,100	732,208	1,854,119
-	-	-	-	-	-	-	-	-	-	-
-	651,470	161,711	(404,971)	372,741	128,591	(192,170)	2,021,416	2,970,100	732,208	1,854,119
<u>\$ -</u>	<u>\$ 1,287,582</u>	<u>\$ 613,611</u>	<u>\$ 1,937,623</u>	<u>\$ 3,980,771</u>	<u>\$ 132,190</u>	<u>\$ 2,631,749</u>	<u>\$ 11,276,090</u>	<u>\$ 15,766,182</u>	<u>\$ 2,779,795</u>	<u>\$ 5,893,815</u>

**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2015**

	Montana Meadows Apartments Limited Partnership	Los Tres Apartments L.P.	Sunset Hills Limited Partnership	Vista Grande Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Mesa Del Norte Apartments Limited Partnership
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 11,243	\$ 254,453	\$ 391,644	\$ 2,077	\$ 2,239	\$ 51,094	\$ 48,680
Restricted Cash and Cash Equivalents	130,503	104,141	61,222	76,645	152,257	34,295	25,105
Accounts Receivable - Affiliates	-	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-	-
Rents and Miscellaneous Receivables	7,050	8,544	7,408	6,869	16,754	4,447	1,223
Prepaid Expenses and Deposits	3,600	75,818	3,566	4,718	-	15,894	18,408
Interfund Receivables	-	-	-	-	-	-	-
Total Current Assets	<u>152,396</u>	<u>442,956</u>	<u>463,840</u>	<u>90,309</u>	<u>171,250</u>	<u>105,730</u>	<u>93,416</u>
<b>WORK IN PROGRESS</b>	-	-	-	-	-	-	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	3,096,154	16,965,214	10,397,227	3,825,388	3,616,480	7,164,470	5,451,763
<b>OTHER ASSETS</b>							
Debt-Issue Costs and Tax Credit	-	-	-	-	-	-	-
Monitoring Fees, Net	111,862	246,443	70,895	334,500	113,640	49,441	73,789
Predevelopment Costs	-	-	-	-	-	-	-
Receivables - Affiliates	-	-	-	-	-	-	-
Notes Receivable - Affiliates	-	-	-	-	-	-	-
Investments in Limited Partnerships	-	-	-	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	316,875	117,357	544,300	47,966	197,290	134,414	158,778
Restricted Investments (457)(b) Plan)	-	-	-	-	-	-	-
Total Other Assets	<u>428,737</u>	<u>363,800</u>	<u>615,195</u>	<u>382,466</u>	<u>310,930</u>	<u>183,855</u>	<u>232,567</u>
Total Assets	<u>\$ 3,677,287</u>	<u>\$ 17,771,970</u>	<u>\$ 11,476,262</u>	<u>\$ 4,298,163</u>	<u>\$ 4,098,660</u>	<u>\$ 7,454,055</u>	<u>\$ 5,777,746</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Long-Term Debt - Current Maturities	\$ 70,000	\$ 170,358	\$ 78,530	\$ 53,840	\$ 135,000	\$ 9,579	\$ 23,009
Accrued Interest Payable	12,056	19,951	4,526	17,093	16,913	4,227	3,343
Accounts Payable	10,968	28,970	23,908	29,807	14,113	6,474	1,964
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-
Tenant Prepaid Rent	4,790	5,413	3,061	911	938	-	687
Other Accrued Expenses	34,555	140,839	66,260	34,282	37,893	29,402	24,089
Security Deposits	18,276	40,288	13,036	29,295	21,492	14,400	10,192
Short-Term Promissory Notes Payable	-	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	-
Total Current Liabilities	<u>150,645</u>	<u>405,819</u>	<u>189,321</u>	<u>165,228</u>	<u>226,349</u>	<u>64,082</u>	<u>63,284</u>
<b>LONG-TERM LIABILITIES</b>							
Due to Affiliates	-	6,149,746	-	1,115,430	-	6,559	-
Deferred AHP Revenue	-	-	-	-	-	-	252,000
Development Fee Payable	-	2,382,000	310,190	374,158	-	-	-
Asset Management Fee Payable	-	283,159	-	54,912	-	-	11,161
Accrued Interest Payable - Long-Term	-	649,619	-	315,533	-	113,063	7,896
Pension Plan Liability	-	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities	1,984,000	9,858,763	2,647,575	3,709,693	2,655,000	996,092	1,388,126
Total Long-Term Liabilities	<u>1,984,000</u>	<u>19,323,287</u>	<u>2,957,765</u>	<u>5,569,726</u>	<u>2,655,000</u>	<u>1,115,714</u>	<u>1,659,183</u>
Total Liabilities	2,134,645	19,729,106	3,147,086	5,734,954	2,881,349	1,179,796	1,722,467
<b>NET ASSETS</b>							
Unrestricted	-	-	-	-	-	-	-
Capital Contribution	-	-	6,812,250	-	-	-	-
Partners' Capital (Deficit)	1,542,642	(1,957,136)	1,516,926	(1,436,791)	1,217,311	6,274,259	4,055,279
Net Assets Attributable to YES Housing, Inc. and Affiliates	1,542,642	(1,957,136)	8,329,176	(1,436,791)	1,217,311	6,274,259	4,055,279
Noncontrolling Interest	-	-	-	-	-	-	-
Total Net Assets	<u>1,542,642</u>	<u>(1,957,136)</u>	<u>8,329,176</u>	<u>(1,436,791)</u>	<u>1,217,311</u>	<u>6,274,259</u>	<u>4,055,279</u>
Total Liabilities and Net Assets	<u>\$ 3,677,287</u>	<u>\$ 17,771,970</u>	<u>\$ 11,476,262</u>	<u>\$ 4,298,163</u>	<u>\$ 4,098,660</u>	<u>\$ 7,454,055</u>	<u>\$ 5,777,746</u>



YES Deming Mountain View Apartments, LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Eliminations	Total
\$ 81,611	\$ 4,587	\$ 28,694	\$ -	\$ 2,131,983
89,354	17,069	10,507	-	1,295,589
-	-	-	(260,741)	-
-	-	-	(25,016)	12,940
10,693	2,467	4,804	-	116,301
29,879	7,500	41,341	-	268,129
-	-	-	(59,335)	-
211,537	31,623	85,346	(345,092)	3,824,942
-	-	-	(1,167,752)	24,135,975
5,308,345	1,594,125	3,487,699	(8,610,455)	68,543,900
77,283	27,657	44,760	-	1,679,521
-	-	-	(181,424)	16,565
-	-	-	(900,547)	270,221
-	-	-	(14,816,040)	3,000,002
-	-	-	1,470,742	522,064
-	-	-	-	1,563,015
-	-	-	(3,383,703)	17,290
591,017	21,774	73,521	-	3,654,414
-	-	-	-	451,289
668,300	49,431	118,281	(17,810,972)	11,174,381
<u>\$ 6,188,182</u>	<u>\$ 1,675,179</u>	<u>\$ 3,691,326</u>	<u>\$ (27,934,271)</u>	<u>\$ 107,679,198</u>
\$ 30,652	\$ 7,351	\$ 11,189	\$ -	\$ 15,331,932
3,547	4,277	3,940	-	156,015
320	9,646	1,236	(25,016)	2,501,946
-	-	-	-	110,967
1,888	19	2,042	-	23,999
42,615	24,555	61,802	(114,540)	523,485
10,318	14,958	9,624	-	258,359
-	-	-	-	-
-	240,000	-	-	240,000
-	-	-	(59,335)	-
89,340	300,806	89,833	(198,891)	19,146,703
-	160,865	-	(14,367,464)	-
-	-	-	(630,000)	-
-	-	-	(3,383,703)	714,600
-	-	-	(148,972)	200,260
-	13,283	176,631	(900,547)	375,478
-	-	-	-	451,289
1,659,873	992,487	1,266,719	-	48,165,559
1,659,873	1,166,635	1,443,350	(19,430,686)	49,907,186
1,749,213	1,467,441	1,533,183	(19,629,577)	69,053,889
-	-	-	(8,304,694)	6,059,099
-	-	-	(7,671,488)	-
4,438,969	207,738	2,158,143	(26,365,464)	(1,470,742)
4,438,969	207,738	2,158,143	(42,341,646)	4,588,357
-	-	-	34,036,952	34,036,952
4,438,969	207,738	2,158,143	(8,304,694)	38,625,309
<u>\$ 6,188,182</u>	<u>\$ 1,675,179</u>	<u>\$ 3,691,326</u>	<u>\$ (27,934,271)</u>	<u>\$ 107,679,198</u>

**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant	Roswell Service Summit Service Coordinator Grant
<b>REVENUES AND OTHER SUPPORT</b>							
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Revenue	-	-	-	-	6,800	-	-
Grant Revenue	18,355	-	170,000	-	16,500	59,938	29,022
Development Fees	-	-	1,135,746	-	-	-	-
Interest	265,350	-	-	-	-	-	-
Net Unrealized/Realized Gain (Loss) on Investments	(501,578)	-	-	-	-	-	-
Other Revenue	121,454	-	549	563,246	34,000	-	-
Property Management Fees	-	-	-	6,927	-	-	-
Construction Management Fees	-	-	150,000	-	-	-	-
Operating Transfers, Net	287,584	-	-	78,090	160,726	-	-
<b>Total Revenue and Other Support</b>	<b>191,165</b>	<b>-</b>	<b>1,456,295</b>	<b>648,263</b>	<b>218,026</b>	<b>59,938</b>	<b>29,022</b>
<b>PERSONNEL EXPENSES</b>							
Salaries and Wages	397,466	-	412,943	305,191	90,096	38,963	23,653
Payroll Taxes	30,454	-	32,190	25,714	6,913	12,569	564
Employee Benefits	136,537	-	99,182	101,628	36,741	-	-
<b>Total Personnel Expenses</b>	<b>564,457</b>	<b>-</b>	<b>544,315</b>	<b>432,533</b>	<b>133,750</b>	<b>51,532</b>	<b>24,217</b>
<b>OTHER EXPENSES</b>							
Depreciation and Amortization	32,415	-	529	-	-	-	-
Donations Expense	4,150	-	-	-	-	-	-
Duplication and Publishing	587	-	428	467	448	-	-
Equipment	2,188	-	10,990	5,701	2,793	-	-
Insurance	6,690	-	9,809	6,033	4,656	-	-
Interest	8,022	-	53,935	-	-	-	-
Loss on Disposal of Assets	(118)	-	-	-	-	-	-
Other Expenses	12,355	-	24,657	9,866	10,472	5,716	2,878
Predevelopment/Development Costs	-	-	69,973	-	-	-	-
Professional Fees	20,411	-	34,673	60,141	24,326	-	-
Property Management	-	-	-	-	-	-	-
Property Taxes	-	-	9,619	-	-	-	-
Rent	-	-	49,838	27,238	15,596	-	-
Repairs and Maintenance	2,668	-	10,574	6,347	666	-	-
Social Services	-	-	-	-	12,662	-	-
Telephone and Utilities	4,256	-	10,571	6,383	3,434	-	-
Training	1,484	-	5,964	640	30	1,052	765
Travel	81	-	15,634	2,518	950	1,640	1,163
Operating Transfers, Net	-	-	514,121	-	-	2,197	2,020
<b>Total Other Expenses</b>	<b>95,189</b>	<b>-</b>	<b>821,315</b>	<b>125,334</b>	<b>76,033</b>	<b>10,605</b>	<b>6,826</b>
<b>Total Expenses</b>	<b>659,646</b>	<b>-</b>	<b>1,365,630</b>	<b>557,867</b>	<b>209,783</b>	<b>62,137</b>	<b>31,043</b>
<b>CHANGE IN NET ASSETS</b>	<b>(468,481)</b>	<b>-</b>	<b>90,665</b>	<b>90,396</b>	<b>8,243</b>	<b>(2,199)</b>	<b>(2,021)</b>
Net Assets and Partners' Capital - Beginning of Year	12,345,584	-	1,577,630	142,745	19,211	2,198	1,227
Capital Contributions	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<b>\$ 11,877,103</b>	<b>\$ -</b>	<b>\$ 1,668,295</b>	<b>\$ 233,141</b>	<b>\$ 27,454</b>	<b>\$ (1)</b>	<b>\$ (794)</b>

Neighborhood Stabilization Program II	Charter School	901 Pennsylvania	La Hacienda	Solar Villas Apartments	Transitional Living	YES of Arizona, Inc.	New Leaf Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership
\$ -	\$ 100,608	\$ 115,444	\$ 101,050	321,258	\$ 16,200	\$ -	\$ -	\$ -	\$ 516,169
-	-	-	-	-	-	-	-	-	-
-	-	-	-	558,571	-	-	-	-	63,406
-	-	-	-	-	-	-	-	-	-
-	-	-	30	47	-	-	-	-	60
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(528,198)	-	-	-
-	-	-	3,935	7,449	-	-	-	-	1,756
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,491	-	-	-
-	100,608	115,444	105,015	887,325	16,200	(506,707)	-	-	581,391
-	-	-	17,918	92,179	-	-	-	-	73,364
-	-	-	5,769	30,414	-	-	-	-	21,749
-	-	-	-	-	-	-	-	-	-
-	-	-	23,687	122,593	-	-	-	-	95,113
-	46,125	26,772	97,822	174,381	12,075	-	-	-	112,919
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1,263	2,089	12,995	11,504	1,540	-	-	-	23,024
-	44,951	19,476	-	306,458	-	-	-	-	155,914
-	-	-	-	1,458	-	-	-	-	-
-	-	-	7,127	46,764	-	3,279	-	-	18,076
-	-	-	-	-	-	-	-	-	-
-	-	-	8,090	29,309	-	2,079	-	-	9,402
-	-	6,927	12,000	50,487	-	-	-	-	53,768
-	10,464	7,062	2,960	-	-	-	-	-	16,726
-	-	-	-	-	-	-	-	-	-
-	2,316	6,665	9,897	55,004	4,571	-	-	-	16,738
-	-	-	-	6,075	-	-	-	-	63,500
-	-	15,584	16,806	159,758	200	28	-	-	30,440
-	-	-	782	1,043	-	677	-	-	715
-	-	-	692	1,435	-	1,970	-	-	-
-	15,229	-	-	-	14,325	-	-	-	-
-	120,348	84,575	169,171	843,676	32,711	8,033	-	-	501,222
-	120,348	84,575	192,858	966,269	32,711	8,033	-	-	596,335
-	(19,740)	30,869	(87,843)	(78,944)	(16,511)	(514,740)	-	-	(14,944)
-	671,210	130,842	(317,128)	451,685	145,102	322,570	1,323,955	2,967,100	758,098
-	-	-	-	-	-	-	697,461	3,000	-
-	-	-	-	-	-	-	-	-	(10,946)
\$ -	\$ 651,470	\$ 161,711	\$ (404,971)	\$ 372,741	\$ 128,591	\$ (192,170)	\$ 2,021,416	\$ 2,970,100	\$ 732,208

**YES HOUSING, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2015**

	Brentwood Garden Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership	Los Tres Apartments L.P.	Sunset Hills Limited Partnership	Vista Grande Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.
<b>REVENUES AND OTHER SUPPORT</b>							
Rent	\$ 1,084,241	\$ 710,790	\$ 2,370,415	\$ 486,312	\$ 678,951	\$ 767,372	\$ 388,311
Contribution Revenue	-	-	-	-	-	-	-
Grant Revenue	-	57,710	-	42,058	-	63,646	-
Development Fees	-	-	-	-	-	-	-
Interest	98	74	24	275	13	48	100
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-	-
Other Revenue	6,295	4,901	75,345	5,635	6,719	3,555	6,272
Property Management Fees	-	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-	-
Total Revenue and Other Support	<u>1,090,634</u>	<u>773,475</u>	<u>2,445,784</u>	<u>534,280</u>	<u>685,683</u>	<u>834,621</u>	<u>394,683</u>
<b>PERSONNEL EXPENSES</b>							
Salaries and Wages	101,034	66,319	300,794	57,760	117,472	49,943	57,320
Payroll Taxes	35,433	18,669	99,973	6,614	38,184	16,401	6,521
Employee Benefits	-	-	-	-	-	-	-
Total Personnel Expenses	<u>136,467</u>	<u>84,988</u>	<u>400,767</u>	<u>64,374</u>	<u>155,656</u>	<u>66,344</u>	<u>63,841</u>
<b>OTHER EXPENSES</b>							
Depreciation and Amortization	220,341	149,300	688,868	455,313	170,035	186,696	279,743
Donations Expense	-	-	-	-	-	-	-
Duplication and Publishing Equipment	-	-	-	-	-	-	-
Insurance	21,857	15,361	47,453	27,429	24,175	15,779	25,041
Interest	277,083	156,394	301,887	104,804	292,181	211,808	71,597
Loss on Disposal of Assets	1,170	1,868	424,862	-	2,127	-	456
Other Expenses	25,284	26,066	180,553	34,402	43,998	32,942	23,185
Predevelopment/Development Costs	-	-	-	-	-	-	-
Professional Fees	14,030	9,337	30,835	24,099	13,819	9,860	11,385
Property Management	205,007	105,248	138,878	21,434	46,293	122,157	51,998
Property Taxes	55,445	29,779	134,875	9,132	23,196	18,525	21,864
Rent	-	-	-	-	-	-	-
Repairs and Maintenance	57,658	38,024	301,322	12,718	86,135	69,517	46,901
Social Services	6,487	63,754	-	42,058	-	70,348	6,417
Telephone and Utilities	67,130	41,699	548,327	26,751	160,357	42,620	55,943
Training	829	796	1,800	-	1,911	1,615	325
Travel	544	186	-	251	190	821	101
Operating Transfers, Net	-	-	-	-	-	-	-
Total Other Expenses	<u>952,865</u>	<u>637,812</u>	<u>2,799,660</u>	<u>758,391</u>	<u>864,417</u>	<u>782,688</u>	<u>594,956</u>
Total Expenses	<u>1,089,332</u>	<u>722,800</u>	<u>3,200,427</u>	<u>822,765</u>	<u>1,020,073</u>	<u>849,032</u>	<u>658,797</u>
<b>CHANGE IN NET ASSETS</b>	1,302	50,675	(754,643)	(288,485)	(334,390)	(14,411)	(264,114)
Net Assets and Partners' Capital - Beginning of Year	1,939,177	1,529,396	(1,202,493)	1,805,411	(1,160,972)	1,277,741	6,540,684
Capital Contributions	-	-	-	6,812,250	58,571	-	-
Distributions	(86,360)	(37,429)	-	-	-	(46,019)	(2,311)
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ 1,854,119</u>	<u>\$ 1,542,642</u>	<u>\$ (1,957,136)</u>	<u>\$ 8,329,176</u>	<u>\$ (1,436,791)</u>	<u>\$ 1,217,311</u>	<u>\$ 6,274,259</u>

	Mesa Del Norte Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Eliminations	Total
\$	260,623	\$ 342,230	\$ 183,670	\$ 324,251	\$ -	\$ 8,767,895
	-	-	-	-	-	6,800
	-	66,546	-	-	-	1,145,752
	-	-	-	-	(1,017,752)	117,994
	24	285	17	63	(7,896)	258,612
	-	-	-	-	862,879	(166,897)
	7,135	4,339	5,583	2,065	(460,280)	399,953
	-	-	-	-	(6,927)	-
	-	-	-	-	(150,000)	-
	-	-	-	-	(547,891)	-
	<u>267,782</u>	<u>413,400</u>	<u>189,270</u>	<u>326,379</u>	<u>(1,327,867)</u>	<u>10,530,109</u>
	56,291	66,066	37,783	61,539	-	2,424,094
	18,576	20,627	11,759	14,899	-	453,992
	-	-	-	-	-	374,088
	<u>74,867</u>	<u>86,693</u>	<u>49,542</u>	<u>76,438</u>	<u>-</u>	<u>3,252,174</u>
	222,112	210,083	115,616	118,518	(213,951)	3,105,712
	-	-	-	-	-	4,150
	-	-	-	-	-	1,930
	-	-	-	-	-	21,672
	17,081	31,746	9,389	32,996	-	347,910
	42,947	42,945	51,576	77,815	(7,896)	2,211,897
	-	-	422	-	-	432,245
	7,946	20,781	17,541	16,315	(50,791)	519,412
	-	-	-	-	-	69,973
	12,344	11,185	10,697	12,685	-	348,707
	17,227	30,105	13,397	48,564	(382,359)	541,131
	20,295	12,019	9,860	15,958	-	397,779
	-	-	-	-	-	92,672
	12,317	26,831	25,614	23,799	-	816,282
	4,675	66,546	-	6,030	(34,000)	314,552
	29,496	8,635	22,717	20,077	-	1,271,212
	1,327	796	2,070	364	-	24,985
	1,348	-	794	514	-	30,832
	-	-	-	-	(547,892)	-
	<u>389,115</u>	<u>461,672</u>	<u>279,693</u>	<u>373,635</u>	<u>(1,236,889)</u>	<u>10,553,053</u>
	<u>463,982</u>	<u>548,365</u>	<u>329,235</u>	<u>450,073</u>	<u>(1,236,889)</u>	<u>13,805,227</u>
	(196,200)	(134,965)	(139,965)	(123,694)	(90,978)	(3,275,118)
	4,251,479	4,573,934	347,703	2,281,837	(8,213,716)	34,512,210
	-	-	-	-	-	7,571,282
	-	-	-	-	-	(183,065)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,065)</u>
\$	<u>4,055,279</u>	<u>\$ 4,438,969</u>	<u>\$ 207,738</u>	<u>\$ 2,158,143</u>	<u>\$ (8,304,694)</u>	<u>\$ 38,625,309</u>

**YES HOUSING, INC. AND AFFILIATES**  
**SUPPLEMENTARY INFORMATION – SOLAR VILLAS APARTMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**SOLAR VILLAS APARTMENTS,  
A PROGRAM OF YES HOUSING, INC.**

**ANNUAL CASH FLOW TEST**

**INCOME**

Total Revenues	\$ 887,325
Total Operating Expenses (Excluding Interest Expense, Administrative Charges, Depreciation, and Amortization)	(482,934)
Required Capital Replacement Reserve Additions	<u>(30,000)</u>

**OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION** \$ 374,391

**DEBT SERVICE - SENIOR NOTES**

Interest Expense	\$ 69,479
Note Principal Payments and Accruals	<u>85,000</u>

**TOTAL DEBT SERVICE - SENIOR NOTES** \$ 154,479

**DEBT SERVICE RATIO - SENIOR NOTES** 242%

**REPLACEMENT RESERVE ACCOUNT**

Account Balance as of December 31, 2015	<u><u>\$ 149,786</u></u>
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Expenditures in the amount of \$9,419 were made from the replacement reserve account during the period ended December 31, 2015

**NOTES OUTSTANDING**

Principal Balances Outstanding as of December 31, 2015:

Senior Note	<u>\$ 895,000</u>
Subordinate Note	<u><u>\$ 2,600,000</u></u>

Principal payments in the amount of \$80,000 were made during the period ended December 31, 2015 on the Senior note.