



REPORT OF INDEPENDENT AUDITORS  
AND CONSOLIDATED FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION

YES HOUSING, INC. AND AFFILIATES

December 31, 2017 and 2016

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**YES HOUSING, INC. AND AFFILIATES  
OFFICIAL ROSTER (UNAUDITED)  
DECEMBER 31, 2017**

**Board of Directors**

Dr. Beverlee McClure, Chair

Robert J. Avila, Vice Chairman

Kevin Caudill, Secretary/Treasurer

Lawrence Chavez, Member

Garrett Hennessy, Member

Jeff Apodaca, Member

Martin Andrew Garrison, 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

Holly M. Barela, Senior Vice President/CFO

## **Report of Independent Auditors**

To the Board of Directors  
YES Housing, Inc. and Affiliates

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

We have audited the accompanying consolidated financial statements of YES Housing, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of New Leaf Community LLLP, UR 205 Silver LLC (Imperial), Wildewood Apartments LP, Brentwood Gardens Apartments LP, Montana Meadows Apartments LP, Los Tres Apartments LP, Gallup Sunset Hills Apartments LLLP, Apple Ridge Apartments LP, Bella Vista Townhomes LP, Mesa Del Norte Apartments LP, YES Deming Mountain View Apartments LLLP and Roswell Summit Apartments LP (the Partnerships). These are limited partnerships in which YES Housing, Inc. is the General Partner with ownership interest of .01% or less for the year ended December 31, 2017. The Partnerships' statements reflect total assets of \$94,993,944 as of December 31, 2017 and revenues of \$8,965,231 for the year ended December 31, 2017. 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 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 consolidated financial statements are free from material misstatement.

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

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

### ***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, 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Prior Year Consolidated Financial Statements***

The consolidated financial statements of YES Housing, Inc. and Affiliates as of December 31, 2016 were audited by other auditors whose report dated June 30, 2017, expressed an unmodified opinion on those statements.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the Organization's basic financial statements. The consolidating financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidating financial statements listed in the table of contents 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. Such 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 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 consolidating financial statements listed in the table of contents is fairly stated, in all material respects, in relation to the consolidated 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 July 13, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Mess Adams LLP*

Albuquerque, New Mexico  
July 13, 2018

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**YES Housing, Inc. and Affiliates**  
**Consolidated Statements of Financial Position**

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**ASSETS**

	December 31,	
	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,380,727	\$ 1,781,149
Restricted cash and cash equivalents	2,382,075	1,361,207
Construction costs receivable	30,917	2,608
Rents and miscellaneous receivables	143,722	236,879
Prepaid expenses and deposit	329,089	356,956
Total current assets	<u>6,266,530</u>	<u>3,738,799</u>
WORK IN PROGRESS	<u>877,775</u>	<u>15,173</u>
PROPERTY, FURNITURE AND EQUIPMENT, NET	<u>91,565,790</u>	<u>93,406,337</u>
<b>OTHER ASSETS</b>		
Tax credit monitoring fees, net of accumulated amortization	308,143	430,268
Predevelopment costs	73,215	104,927
Receivables - affiliates	338,390	266,391
Notes receivable - affiliates	3,000,000	3,001,981
Notes receivable	1,095,940	713,821
Investments in limited partnerships	351,448	363,251
Investments in marketable securities	10,542,137	1,798,843
Restricted cash and cash equivalents	5,072,971	4,720,004
Restricted investments (457(b) Plan)	591,760	517,583
Total other assets	<u>21,374,004</u>	<u>11,917,069</u>
Total assets	<u>\$ 120,084,099</u>	<u>\$ 109,077,378</u>



**YES Housing, Inc. and Affiliates**  
**Consolidated Statements of Financial Position (continued)**

**LIABILITIES AND NET ASSETS**

	December 31,	
	2017	2016
<b>CURRENT LIABILITIES</b>		
Long-term debt - current maturities and net of unamortized debt issuance costs	\$ 4,930,591	\$ 14,786,020
Accrued interest payable	165,659	245,958
Accounts payable	151,547	315,857
Accrued salaries and payroll taxes	121,252	95,211
Tenant prepaid rent	40,503	36,574
Other accrued expenses	507,451	738,436
Security deposits	310,834	292,773
Deferred AHP revenue	14,020	-
Total current liabilities	6,241,857	16,510,829
<b>LONG-TERM LIABILITIES</b>		
Development fee payable	712,816	714,600
Asset management fee payable	82,892	99,873
Accrued interest payable - long-term	744,644	533,980
Pension plan liability	591,760	517,583
Long-term debt, less current maturities and net of unamortized debt issuance costs	56,300,237	42,410,087
Total long-term liabilities	58,432,349	44,276,123
Total liabilities	64,674,206	60,786,952
<b>NET ASSETS</b>		
Unrestricted	18,622,861	24,970,509
Capital Contribution	1,316,836	-
Partners' deficit	(4,852,137)	(15,869,243)
Net assets attributable to YES Housing, Inc. and Affiliates	15,087,560	9,101,266
Noncontrolling interest	40,322,333	39,189,160
Total net assets	55,409,893	48,290,426
Total liabilities and net assets	\$ 120,084,099	\$ 109,077,378

**YES Housing, Inc. and Affiliates**  
**Consolidated Statements of Activities**

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	Years Ended December 31,	
	2017	2016
UNRESTRICTED NET ASSETS		
Support and Revenue:		
Rent, net	\$ 10,096,166	\$ 9,723,588
Contribution revenue	5,792	247,100
Grant revenue	977,093	1,770,392
Development fees	13,818	(8,315)
Interest	418,009	152,068
Net unrealized/realized gain on investments	372,320	90,981
Net realized gain on capital investments	6,813,866	1,441,663
Other revenue	269,340	294,635
Total revenue	<u>18,966,404</u>	<u>13,712,112</u>
Expenses:		
Program	14,234,356	15,062,219
General and administrative	713,677	682,629
Total expenses	<u>14,948,033</u>	<u>15,744,848</u>
TOTAL CHANGE IN UNRESTRICTED NET ASSETS	4,018,371	(2,032,736)
CHANGE IN UNRESTRICTED NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	<u>(1,967,923)</u>	<u>(8,514,826)</u>
CHANGE IN UNRESTRICTED NET ASSETS ATTRIBUTABLE TO YES HOUSING, INC.	<u>\$ 5,986,294</u>	<u>\$ 6,482,090</u>

**YES Housing, Inc. and Affiliates**  
**Consolidated Statements of Changes in Net Assets**

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	Unrestricted	Non-Controlling Interest	Total
BALANCE, December 31, 2015	\$ 4,588,357	\$ 34,036,952	\$ 38,625,309
Capital Contributions	-	13,667,034	13,667,034
Distributions	(1,969,181)	-	(1,969,181)
Change in Net Assets	6,482,090	(8,514,826)	(2,032,736)
BALANCE, December 31, 2016	9,101,266	39,189,160	48,290,426
Capital Contributions	-	11,109,040	11,109,040
Distributions	-	(8,007,944)	(8,007,944)
Change in Net Assets	5,986,294	(1,967,923)	4,018,371
BALANCE, December 31, 2017	\$ 15,087,560	\$ 40,322,333	\$ 55,409,893

## YES Housing, Inc. and Affiliates

### Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from rents	\$ 10,100,095	\$ 9,736,163
Cash received from grantors	977,093	1,770,392
Interest received	123,370	152,068
Cash received from development fees	45,530	(79,387)
Cash received from contributions	6,819,658	-
Cash paid for management fees	(28,309)	10,332
Other cash receipts	290,498	424,987
Interest paid	(2,267,963)	(2,148,474)
Cash paid to suppliers and employees	(9,783,778)	(10,250,946)
Net cash provided (used) by operating activities	<u>6,276,194</u>	<u>(384,865)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances on notes receivable	(397,119)	(816,187)
Proceeds from sales of investments	1,503,665	-
Purchases of investments	(9,568,197)	83,813
Additions to restricted cash	(1,373,835)	(1,131,208)
Payment on development fee	(1,784)	-
Purchases of property and equipment	(1,975,163)	(4,920,607)
Net cash used by investing activities	<u>(11,812,433)</u>	<u>(6,784,189)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans	21,298,934	10,832,200
Payment on loans	(17,264,213)	(15,711,833)
Capital contribution	11,109,040	13,667,034
Distribution	(8,007,944)	(1,969,181)
Net cash provided by financing activities	<u>7,135,817</u>	<u>6,818,220</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,599,578	(350,834)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,781,149</u>	<u>2,131,983</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,380,727</u>	<u>\$ 1,781,149</u>

**YES Housing, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows (continued)**

	Years Ended December 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,986,294	\$ 6,482,090
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
(Gain) loss on disposal of assets	(919,842)	588,873
Depreciation and amortization	3,905,207	3,626,266
Net realized and unrealized gain on investments	(372,320)	(90,981)
Reinvested dividends and interest	(294,639)	(69,847)
Non-controlling interest	(1,967,923)	(8,514,826)
<b>Changes in assets and liabilities</b>		
Accounts receivable - affiliates	(71,999)	3,830
Construction costs receivable	(28,309)	10,332
Rents and miscellaneous receivables	93,157	(120,578)
Prepaid expenses and deposit	27,867	(88,827)
Tax credit monitoring fees	89,868	(208,665)
Predevelopment costs	31,712	(88,362)
Development fees receivable	-	17,290
Accrued interest payable	130,365	248,445
Accounts payable	(164,310)	(2,186,089)
Accrued salaries and payroll taxes	26,041	(15,756)
Tenant prepaid rent	3,929	12,575
Other accrued expenses	(230,985)	214,951
Deferred revenue	14,020	(240,000)
Security deposits	18,061	34,414
	<u>289,900</u>	<u>(6,866,955)</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ 6,276,194</u>	<u>\$ (384,865)</u>

**YES Housing, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses**

	Year Ended December 31, 2017		
	Program	Management and General	Total
Salaries and wages	\$ 2,516,293	\$ 338,715	\$ 2,855,008
Payroll taxes	543,627	24,718	568,345
Employee benefits	392,591	132,805	525,396
Total personnel expenses	<u>3,452,511</u>	<u>496,238</u>	<u>3,948,749</u>
Depreciation and amortization	3,834,590	70,617	3,905,207
Donations expense	-	6,306	6,306
Duplication and publishing	2,898	654	3,552
Equipment	33,006	539	33,545
Insurance	336,500	6,539	343,039
Interest	2,389,672	8,656	2,398,328
Gain (loss) on disposal of assets	(942,458)	22,616	(919,842)
Other expenses	551,725	17,645	569,370
Predevelopment costs	144,538	-	144,538
Professional fees	323,191	63,011	386,202
Property management	710,241	-	710,241
Property taxes	467,986	4,309	472,295
Rent	59,333	-	59,333
Repairs and maintenance	982,420	11,751	994,171
Social services	421,672	-	421,672
Telephone and utilities	1,359,690	4,165	1,363,855
Training	58,227	570	58,797
Travel	48,614	61	48,675
Total other expenses	<u>10,781,845</u>	<u>217,439</u>	<u>10,999,284</u>
Total expenses	<u>\$ 14,234,356</u>	<u>\$ 713,677</u>	<u>\$ 14,948,033</u>

**YES Housing, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses (continued)**

	Year Ended December 31, 2016		
	Program	Management and General	Total
Salaries and wages	\$ 2,114,576	\$ 373,789	\$ 2,488,365
Payroll taxes	536,439	29,395	565,834
Employee benefits	286,147	122,143	408,290
Total personnel expenses	<u>2,937,162</u>	<u>525,327</u>	<u>3,462,489</u>
Depreciation and amortization	3,584,294	41,972	3,626,266
Donations expense	-	11,450	11,450
Duplication and publishing	1,635	356	1,991
Equipment	19,797	1,744	21,541
Insurance	394,405	4,942	399,347
Interest	2,360,749	36,170	2,396,919
Loss on disposal of assets	587,504	1,369	588,873
Other expenses	779,859	26,473	806,332
Predevelopment costs	117,408	-	117,408
Professional fees	351,996	22,156	374,152
Property management	640,625	-	640,625
Property taxes	472,889	-	472,889
Rent	94,752	-	94,752
Repairs and maintenance	989,939	1,317	991,256
Social services	332,508	-	332,508
Telephone and utilities	1,318,970	3,356	1,322,326
Training	39,935	5,982	45,917
Travel	37,792	15	37,807
Total other expenses	<u>12,125,057</u>	<u>157,302</u>	<u>12,282,359</u>
Total expenses	<u>\$ 15,062,219</u>	<u>\$ 682,629</u>	<u>\$ 15,744,848</u>

# **YES Housing, Inc. and Affiliates**

## **Notes to Consolidated Financial Statements**

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### **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; YES NSP LLC; Otero Village Apartments LP and Solar Villa Apartments. Additionally, YES owns limited liability companies whose sole activity consists of General Partner ownership interests ranging from 10% to .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: New Leaf Community LLLP, UR 205 Silver LLC, Wildewood Apartments LP, Brentwood Gardens Apartments LP, Montana Meadows Apartments LP, Los Tres Apartments LP, Gallup Sunset Hills Apartments LLLP, Vista Grande Apartments LP, Apple Ridge Apartments LP, Bella Vista Townhomes LP, Mesa Del Norte Apartments LLLP, YES Deming Mountain View Apartments LLLP, Roswell Summit Apartments LP, and Solar Villa Apartments LP LLLP. 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, amortization of debt issuance costs 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 years ended December 31, 2017 and 2016 and, accordingly, these consolidated financial statements do not reflect any activity related to these classes of net assets.



# YES Housing, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1 – Summary of Significant Accounting Policies (continued)

#### 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.

#### Construction Cost, Rent and Miscellaneous Receivables

Construction cost, rent and miscellaneous receivables 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, 2017 and 2016, there were no amounts recorded in the allowance for doubtful accounts. Historical uncollectible receivables have not been material to the financial statements.

YES participates in a Neighborhood Stabilization Program (NSP) with other non-profit organizations for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Under the NSP, organizations are provided grants with the intention to purchase, redevelop, and sell residential properties. Any organization in violation or noncompliance of the grant agreement is required to repay the grant amounts in full. YES participates in the NSP as YES NSP LLC, which was created for the renovation and sale of homes under the NSP. As a participant of the NSP, YES loaned amounts to YES NSP LLC from the NSP grant awards and recorded such loans as notes receivable from YES NSP LLC. As YES has fully met all obligations and compliance matters under the NSP grant and expect the remaining members of the consortium to comply with the grant agreement, YES recorded an allowance against the entirety of the notes receivable from YES NSP LLC for \$336,560, resulting in a net balance of zero.

#### 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
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**

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### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Tax Credit Monitoring Fees**

Costs related to the monitoring of tax credits are being amortized over the term of the related tax credit life using the effective interest method.

#### **Predevelopment Costs and Work in Progress**

YES capitalizes all costs associated with the predevelopment and work in progress 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.

#### **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, 2017 and 2016.

#### **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, 2017 and 2016.

#### **Debt-Issuance Costs**

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the effective interest method.

#### **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

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### **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 years ended December 31, 2017 and 2016. As a result, YES did not recognize federal and state income tax for the years ended December 31, 2017 and 2016.

New Leaf Community LLLP, UR 205 Silver LLC, Wildewood Apartments LP, Brentwood Gardens Apartments LP, Montana Meadows Apartments LP, Los Tres Apartments LP, Gallup Sunset Hills LLLP, Vista Grande Apartments LP, Apple Ridge Apartments LP, Bella Vista Townhomes LP, Mesa Del Norte Apartments LLLP, YES Deming Mountain View Apartments LLLP, Roswell Summit Apartments LP, Solar Villa Apartments LP LLLP, YES La Hacienda LLC and Otero Village Apartments LP 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 years ended December 31, 2017 and 2016.

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.

#### **Revenue Recognition**

Revenues are recognized when earned.

# YES Housing, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### Note 1 – Summary of Significant Accounting Policies (continued)

#### Recent Accounting Pronouncement

##### ASU 2016-14

The FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) during August 2016. ASU 2016-14 revises the current net asset classification requirements and information presented in financial statements and notes about a non-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 and early adoption is permitted. Management is evaluating the effect that implementation of ASU 2016-14 will have on the consolidated financial statements of YES.

##### ASU 2016-18

The FASB issued Accounting Standards Update 2016-18, *Restricted Cash* (ASU 2016-18) during November 2017. ASU 2016-18 revises ASC 230 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017 and early adoption is permitted. Management is evaluating the effect that implementation of ASU 2016-18 will have on the consolidated financial statements of YES.

##### ASU 2018-08

The FASB issued Accounting Standards Update 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) during June 2018. ASU 2018-08 is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. Management is evaluating the effect that implementation of ASU 2018-08 will have on the consolidated financial statements of YES.

#### Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. The previously reported change in net position and ending net position are unaffected by these reclassifications.

#### Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. YES recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing the financial statements. YES's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued. YES has evaluated subsequent events for recognition and disclosure through July 13, 2018, which is the date the financial statements were available to be issued.

On January 1, 2018, Yes Housing, Inc. entered into a new property management agreement with Monarch Properties, Inc., an unrelated party, for services rendered in connection with the leasing and operation of the following partnerships: Bella Vista Townhomes LP, YES La Hacienda LLC, Montana Meadows Apartments LP, YES Deming Mountain View Apartments, LLLP, New Leaf Community LLLP, Otero Village Apartments LP, Roswell Summit Apartments LP, Gallup Sunset Hills LLLP and Wildewood Apartments LP.

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

On February 8, 2018, Yes Housing, Inc. leased land from the City of Albuquerque for Nuevo Atrisco Property as part of a Development Agreement. For the agreement, YES Housing Inc. teamed with the Maestas Development Group to provide mixed use developments that included restaurants, office space, live work units and apartments. As part of the agreement, Yes Nuevo Atrisco, LLC formed with Yes Housing, Inc. as the sole member to serve as the General Partner of Nuevo Atrisco Apartments LLLP. Nuevo Atrisco Apartments LLLP will serve as the owner of the Nuevo Atrisco Apartments condominium unit related affordable housing and assumed ownership of the Live Work Apartments condominium share and the related live work apartments. Also part of the agreement, Yes Live Work LLC formed, of which Yes Housing, Inc. is the sole member.

On June 13, 2018, Yes Housing, Inc. entered into a letter of intent with an unrelated party to sell the Gonzales Properties owned by Yes 6900 Gonzales LLC, which is 100% owned by YES.

#### 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.

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

	2017	2016
Replacement Reserve	\$ 3,383,683	\$ 1,950,578
Operating Deficit Reserve	1,119,199	980,288
Debt Service Reserve	59,200	920,290
Trustee Account	-	511,475
Construction Funds	184,227	481,930
Escrow Deposits	386,441	470,518
Other	402,521	366,770
Security Deposits	309,378	287,368
Money Market Fund	1,500,951	77,008
Interest Reserve	14,788	18,961
OCS Grant	94,658	16,025
Total	\$ 7,455,046	\$ 6,081,211

The money market fund in the amount of \$1,500,951 and \$77,008 as of December 31, 2017 and 2016, respectively, 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.

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 3 – Property, Furniture and Equipment

Property, furniture and equipment consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Buildings	\$ 104,294,157	\$ 94,598,632
Buildings/Land Improvements	16,642,700	17,341,402
Furniture and Equipment	<u>5,301,418</u>	<u>4,320,139</u>
	126,238,275	116,260,173
Less: Accumulated Depreciation	<u>(43,128,134)</u>	<u>(31,100,504)</u>
	83,110,141	85,159,669
Land	<u>8,455,649</u>	<u>8,246,668</u>
Property, Furniture and Equipment, Net	<u><u>\$ 91,565,790</u></u>	<u><u>\$ 93,406,337</u></u>

Depreciation expense for the years ended December 31, 2017 and 2016 totaled \$3,872,950 and \$3,590,099, respectively.

#### Note 4 – Notes Receivable

Notes receivable consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Note receivable from Casitas de Colores, LLC (see Note 12). The note accrues interest at 2.4%. Payment of interest and principal will be made from net cash flow after obligations of higher priority have been paid. This note is due January 1, 2045. The accrued interest at December 31, 2017 and 2016 was \$338,390 and \$266,390, respectively.	\$ 3,000,000	\$ 3,001,981
Note receivable from ROKO, LLC to YES with an annual interest rate of 1.5% accruing from March 1, 2016 until maturity on October 1, 2026. Principal and interest payments are due monthly. The note is secured by property.	645,940	713,821
Note receivable from Youth Development, Inc. (YDI). The note was executed on December 29, 2017, for \$450,000 secured by deed of trust. The note bears interest at a fixed annual rate of 8%. Interest-only payments are due monthly beginning January 15, 2018. The unpaid principal amount, together with accrued but unpaid interest, are due in full on the maturity date June 30, 2019.	<u>450,000</u>	<u>-</u>
	<u><u>\$ 4,095,940</u></u>	<u><u>\$ 3,715,802</u></u>

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 5 – Tax Credit Monitoring Fees

Costs related to tax credit monitoring are being amortized over the term of the related tax credits. Tax credit monitoring fees and related accumulated amortization as of December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Tax Credit Monitoring Fees	\$ 484,510	\$ 642,859
Less: Accumulated Amortization	<u>(176,367)</u>	<u>(212,591)</u>
Total	<u>\$ 308,143</u>	<u>\$ 430,268</u>

Amortization expense for the years ended December 31, 2017 and 2016 totaled \$32,257 and \$36,167, respectively.

#### Note 6 – 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.

**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

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#### Note 6 – Fair Value of Financial Instruments (continued)

The following tables present assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31:

	2017			Total
	Fair Value Measurement Using			
	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	\$ 381,767	\$ -	\$ -	\$ 381,767
Bond Funds	6,222,754	-	-	6,222,754
Value Funds	2,948,130	-	-	2,948,130
Emerging Markets	989,486	-	-	989,486
Subtotal	<u>10,542,137</u>	<u>-</u>	<u>-</u>	<u>10,542,137</u>
Restricted Investments (457(b) Plan):				
Mutual Funds:				
Growth Funds	88,201	-	-	88,201
Bond Funds	24,758	-	-	24,758
Value Funds	20,978	-	-	20,978
Fixed Income	442,153	-	-	442,153
Growth & Value Funds	15,670	-	-	15,670
Subtotal	<u>591,760</u>	<u>-</u>	<u>-</u>	<u>591,760</u>
Total	<u>\$ 11,133,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,133,897</u>



**YES Housing, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**Note 6 – Fair Value of Financial Instruments (continued)**

	2016			Total
	Fair Value Measurement Using			
	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	\$ 528,377	\$ -	\$ -	\$ 528,377
Bond Funds	481,723	-	-	481,723
Value Funds	697,696	-	-	697,696
Emerging Markets	91,047	-	-	91,047
Subtotal	<u>1,798,843</u>	<u>-</u>	<u>-</u>	<u>1,798,843</u>
Restricted Investments (457(b) Plan):				
Mutual Funds:				
Growth Funds	52,619	-	-	52,619
Bond Funds	17,915	-	-	17,915
Value Funds	33,925	-	-	33,925
Fixed Income	401,792	-	-	401,792
Growth & Value Funds	11,332	-	-	11,332
Subtotal	<u>517,583</u>	<u>-</u>	<u>-</u>	<u>517,583</u>
Total	<u>\$ 2,316,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,316,426</u>

A summary of return on investments consists of the following for the years ended December 31, 2017 and 2016:

	2017	2016
Net Realized Income (Loss)	\$ 42,577	\$ (112)
Net Unrealized Gain	329,743	91,093
Total	<u>\$ 372,320</u>	<u>\$ 90,981</u>

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 7 – Long-Term Debt

	<u>2017</u>	<u>2016</u>
Los Tres - Note payable to Walker & Dunlop, LLC, assigned to Federal Home Loan Mortgage Corporation, bearing interest at LIBOR (2.11%) plus 2.31% with a 30 year amortization. Monthly principal and interest payments, matures on May 1, 2022, upon which a balloon payment for the remaining mortgage balance will be due.	\$ 7,400,554	\$ 7,559,832
Brentwood Gardens - On February 8, 2017, loan issued by Hunt Mortgage Partners, LLC (Hunt, First Mortgage) in the original amount of \$7,400,000, bears interest at 4.63 percent and requires monthly payments of principal and interest of \$42,606 until maturity on March 1, 2027, upon which a balloon payment for the remaining mortgage balance will be due.	7,276,349	-
Apple Ridge - On February 8, 2017, loan issued by Hunt Mortgage Partners, LLC (Hunt, First Mortgage) in the original amount of \$4,600,000, bears interest at 4.63 percent and requires monthly payments of principal and interest of \$25,909 until maturity on March 1, 2027, upon which a balloon payment for the remaining mortgage balance will be due.	4,528,401	-
Solar Villas - Construction loan payable to Wells Fargo Bank, bearing interest of One-Month LIBOR rate (1.56%), commencing on November 13, 2017. The outstanding principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on August 13, 2019.	4,023,934	-
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 with an extension to June 30, 2017. During 2017, balance was paid off.	-	3,901,545
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. During 2017, balance was paid off.	-	3,810,000
YES UR 205 Silver, LLC - City of Albuquerque Workforce Housing Trust Funds note payable bearing interest at 0% per annum, secured by the property, matures on January 1, 2072.	3,375,000	3,375,000

**YES Housing, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

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**Note 7 – Long-Term Debt (continued)**

	2017	2016
Montana Meadows - On February 8, 2017, loan issued by Hunt Mortgage Partners, LLC (Hunt, First Mortgage) in the original amount of \$3,769,000, bears interest at 4.90 percent and requires monthly payments of principal and interest of \$22,737 until maturity on March 1, 2029, upon which a balloon payment for the remaining mortgage balance will be due.	\$ 3,695,037	\$ -
YES Casitas De Colores - City of Albuquerque Workforce Housing Trust Funds note payable bearing interest at 0% per annum, secured by the property, matures on January 1, 2045.	3,000,000	3,000,000
Wildewood - Loan payable to Hunt Mortgage Partners, LLC, monthly principal and interest payments of \$15,359 until maturity on May 1, 2026, at 4.12%, upon which a balloon payment for the remaining mortgage balance will be due.	2,903,995	2,965,603
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. During 2017 balance was paid off.	-	2,655,000
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. During 2017, balance was paid off.	-	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.	2,318,214	2,322,473
Vista Grande - Note payable to Wells Fargo Multi-Family Capital, bearing interest at 2.81% per annum, monthly payments due of \$8,460, matures in March 2045. The note is secured by first deed of trust.	1,931,336	1,977,873

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 7 – Long-Term Debt (continued)

	<u>2017</u>	<u>2016</u>
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. During 2017, balance was paid off.	\$ -	\$ 1,925,000
Vista Grande - Note payable to Secretary of Housing and Urban Development, bearing interest at 2.27%, annual payments of principal due from available cash after payments to Wells Fargo mortgage and replacement reserve, secured by the mortgaged and matures in March 2045.	1,902,887	1,902,887
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 June 30, 2046.	1,796,255	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.	1,589,185	1,601,888
Imperial-On June 10, 2017, the construction loan converted to a permanent loan to JPMorgan Chase Bank, N.A. in the amount of \$1,188,000, bearing interest at 5.9% per annum and matures on June 28, 2035. Effective interest rate for 2017 was 6.59%. Interest and principal payments due at the beginning of each month. Loan secured by project.	1,182,170	-
Imperial - 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 with \$1,000,000 maturing February 28, 2017 and the remainder matures February 1, 2045.	495,688	1,500,000
New Leaf - Permanent note payable to New Mexico Mortgage Finance Authority, bearing interest at 5% per annum and payable on the first day of each month, secured by the project, and maturing December 1, 2056.	1,432,378	1,444,053

**YES Housing, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

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**Note 7 – Long-Term Debt (continued)**

	2017	2016
YES New Leaf - City of Hobbs Development Funds promissory note, non-interest bearing, secured by the property, matures on January 1, 2030.	\$ 1,300,000	\$ 1,300,000
Gonzales/Charter School - Raza Development Fund, Inc., monthly principal and interest payments of \$9,455 through February 1, 2017, with interest at 6.50%, secured by real estate.	1,048,716	1,092,449
Solar Villa, LP - Loan payable to New Mexico Mortgage Finance Authority, bearing interest at 3.00%, interest due on the first day of each month during the term of the construction loan, which term will not exceed 24-months measured from the first day of the month following the date of the loan closing. On the final day of the 24-month period, the loan must be paid down to \$250,000 after which the principal and interest are due monthly for a period of 360-months on the outstanding principal balance.	1,000,000	-
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. During 2017, balance was paid off.	-	810,000
Roswell Summit - Mortgage payable to New Mexico Mortgage Finance Authority in monthly installments, bearing interest at 6%, matures on December 1, 2043.	764,840	776,719
YES Mountain View Deming - Loan Payable to USDA, Rural Development (RD), 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.	639,406	645,452
Sunset Hills - Note payable to New Mexico Mortgage Finance Authority HTF in monthly installments of \$4,834, commencing June 1, 2015, bearing interest at 3%, secured by deed of trust, matures on May 1, 2030.	600,721	640,065
Bella Vista - Mortgage loan payable to Pacific Life Insurance Company, bearing interest at 7.93%, monthly payments due until maturity on August 1, 2027.	619,725	630,092

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 7 – Long-Term Debt (continued)

	<u>2017</u>	<u>2016</u>
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.	\$ 584,535	\$ 592,487
Solar Villa, LP - Loan payable to New Mexico Mortgage Finance Authority, bearing interest at 0%, The Loan is a 384-month loan consisting of a 24-month Construction Loan Term, measured from the first day of the month following the date of the Loan Closing, and a 360 -month Permanent Loan Term. No interest will accrue and no payments will be due during the Construction Loan Term. The Construction Loan Term begins November 13, 2017. The Permanent Loan Term begins on the first day of the month following the Construction Loan Term and matures November 1, 2049.	515,000	-
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.	393,124	553,321
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	500,000
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.	489,561	499,142
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 420 month term due at the earlier of sale or refinance of the Project or until maturity at December 12, 2042.	490,000	490,000

**YES Housing, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

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**Note 7 – Long-Term Debt (continued)**

	2017	2016
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.	\$ 477,604	\$ 483,854
Mesa Del Norte - Housing Trust Fund Loan payable to the New Mexico Mortgage Finance Authority, bearing interest at 3%, interest only payments until May 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.	457,265	468,656
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.	449,479	461,100
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.	438,750	450,000
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.	428,497	435,094
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.	377,230	405,621
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.	400,000	400,000

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 7 – Long-Term Debt (continued)

	<u>2017</u>	<u>2016</u>
YES - Wells Fargo Community Development Corporation, quarterly interest only payments equal to 2% on outstanding principal through June 22, 2019, with option to extend loan for two years. Upon extension, quarterly interest payments equal to 2% on outstanding principal plus eight equal principal installments, maturing June 22, 2021.	\$ 400,000	\$ 400,000
YES UR 205 Silver, LLC - Promissory note payable assigned through the Federal Home Loan Bank bearing interest at 0% 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.	378,000	378,000
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.	366,000	366,000
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. During 2017, balance was paid off.	-	298,103
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. During 2017, balance was paid off.	-	295,121
YES Mesa Del Norte - Promissory note payable to YES, assigned through the Federal Home Loan Bank, bearing interest at 0%, compounded annually. Matures on December 31, 2032.	252,000	252,000
Roswell Summit - Promissory note payable to the investor limited partner, bearing interest at 3.5% per annum, maturity date December 2022. Annual payments are due from available cash flows.	176,710	186,847



**YES Housing, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**Note 7 – Long-Term Debt (continued)**

	2017	2016
901 Pennsylvania, Loan #2 - U.S. Bank, monthly principal and interest payments of \$1,365 through May 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. During 2017, balance was paid off.	\$ -	\$ 98,019
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. During 2017, balance was paid off.	-	59,000
Imperial - Loan payable to Albuquerque Bernalillo County Water Utility Authority, bearing interest only in the event of default at an annual rate of the lesser of 7% or the applicable rate imposed under Section 1-1-8(A)(2) of the Albuquerque Code of Ordinances. The unpaid principal balance and interest are due only in the event of default or December 31, 2066.	50,125	50,125
Total Long-Term Debt	62,448,671	58,358,421
Less: Unamortized Debt Issuance Costs	(1,217,843)	(1,162,314)
Total Long-Term Debt, Net of Unamortized Debt Issuance Costs	61,230,828	57,196,107
Less: Current Maturities	(4,930,591)	(14,786,020)
Total Long-Term Debt, Net of Current Maturities	<u>\$ 56,300,237</u>	<u>\$ 42,410,087</u>

Aggregate maturities of long-term debt as of December 31, 2017 are as follows:

Year Ending December 31,	Amount
2018	\$ 4,941,115
2019	1,909,971
2020	1,217,443
2021	1,072,565
2022	1,896,422
Thereafter	51,411,155
Total	<u>\$ 62,448,671</u>

Interest expense incurred related to these notes for the years ended December 31, 2017 and 2016 totaled \$ 2,398,328 and \$2,396,919, respectively.

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 8 – Rental Revenue

In June 2013, YES entered into an agreement to lease one of its buildings. In April 2016, the lease was extended through June 2017, with monthly rent of \$8,384. In May 2017, the lease was extended through June 2018, with monthly rent of \$8,943. In May 2018, the lease was extended through June 2019, with monthly rent of \$9,190. Rental revenue related to this lease for the years ended December 31, 2017 and 2016 was \$103,962 and \$100,608, respectively.

In September 2000, YES entered into an agreement to lease one of its buildings which terminated early in June 2017. Rental revenue related to this lease for the years ended December 31, 2017 and 2016 was \$59,208 and \$116,830, respectively.

In January 2008, YES entered into an agreement to lease another of its buildings. The agreement terminated early in May 2017. Rental revenue related to this lease for the years ended December 31, 2017 and 2016 was \$6,750 and \$16,200, respectively.

In February 2018, YES entered into an agreement to lease one of its buildings which expires in January 2021, with an average monthly rent of \$1,540. There were no rental revenues related to this lease for the years ended December 31, 2017 and 2016.

Future expected rent revenue at December 31, 2017 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 125,243
2019	73,575
2020	18,986
2021	1,586
Total	<u>\$ 219,390</u>

#### Note 9 – 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 \$151,323 and \$107,294 to the retirement plan during the years ended December 31, 2017 and 2016, respectively.

## **YES Housing, Inc. and Affiliates**

### **Notes to Consolidated Financial Statements**

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#### **Note 9 – Retirement Plan (continued)**

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 \$48,684 and \$47,476 to the retirement plan during the years ended December 31, 2017 and 2016, respectively. The related 457(b) Retirement Plan assets included in restricted investments as of December 31, 2017 and 2016 totaled \$591,760 and \$517,583, respectively (Note 5).

#### **Note 10 – Commitment 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 leased equipment and office space under operating leases that expired at various dates through December 2017. YES did not renew the leases in 2017 and does not have any future operating lease obligations.

Lease payments related to all leases for the years ended December 31, 2017 and 2016 totaled \$59,333 and \$94,752, respectively.

##### **Economic Dependence**

YES receives support from federal grants. During the year ended December 31, 2017, revenues earned from federal grants amounted to \$661,746 and represented 5.6% of total revenues and other support (net of unrealized and realized gain on investments) for the year ended December 31, 2016. During the year ended December 31, 2016, revenues earned from federal grants amounted to \$1,355,647 and represented 9.9% of total revenues and other support (net of unrealized and realized gain on investments) for year ended December 31, 2016.

## **YES Housing, Inc. and Affiliates**

### **Notes to Consolidated Financial Statements**

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#### **Note 11 – Consolidation**

The consolidated presentation of YES Housing, Inc. and Affiliates arises due to YES's position as general partner in limited partnerships which hold real estate. 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, 2017, net unrealized/realized gain of (\$1,737,163), development fees of \$400,000, partnership fees of \$458,026 and additional smaller amounts have been eliminated.

Additionally, for the year ended December 31, 2017, YES's notes receivable from these partnerships (\$15,821,850), development fees receivable (\$2,470,109) and other receivables (\$1,245,378) have also been eliminated. Additionally, equity of \$3,014,138; property, furniture and equipment of \$10,845,113; and various expense amounts attributable to the partnerships have been eliminated.

For the year ended December 31, 2016, net unrealized/realized loss of \$3,035,378, development fees of \$1,606,814, partnership fees of \$528,852 and additional smaller amounts have been eliminated.

Additionally, for the year ended December 31, 2016, YES's notes receivable from these partnerships (\$15,930,266), development fees receivable (\$3,782,991) and other receivables (\$1,112,587) have also been eliminated. Additionally, equity of \$12,690,195; property, furniture and equipment of \$10,528,669; and various expense amounts attributable to the partnerships have been eliminated.

#### **Note 12 – Investment in Casitas de Colores**

Casitas De Colores, LLC ("CDC") is a New Mexico limited liability company, which was formed on November 2, 2010 to develop and operate a multi-family community located in downtown Albuquerque, New Mexico, known as Casitas (the Development). The Development consists of 71 mixed income, low income housing tax credit units. The Development was, effectively, placed in service on December 20, 2013. Yes Housing, Inc., the sole member of Yes Casitas, LLC is the .0051% member of the Company. Casitas De Colores Manager, LLC is the designated manager with .0049% ownership. The Investor Member, Bank of America, N.A. owns the remaining 99.9900% of CDC.

YES Housing, Inc., the sole member of Yes Casitas, LLC the .0051% member of CDC, made available its Workforce Housing Trust Funds Grant and HOME Investment Trust Funds Grant for construction of the project in exchange for a note payable from the Company to YES. As of December 31, 2017 and 2016, the outstanding balance on the loan due to YES from CDC was \$3,000,000. The note accrues interest at 2.4% beginning December 20, 2012. Payment of interest and principal will be made out of net cash flow after obligations of higher priority have been paid. This note is due January 1, 2045. The accrued interest at December 31, 2017 and 2016 was \$338,390 and \$266,390, respectively.

## **YES Housing, Inc. and Affiliates**

### **Notes to Consolidated Financial Statements**

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#### **Note 13 – Limited Partnership Purchases**

##### **YES-CDT JV, LLC**

The Apple Ridge Apartments LP, Brentwood Apartments LP, Montana Meadows Apartments LP and Wildewood Apartments LP (the “Partnerships”) were, respectively, formed as limited partnerships under the laws of the state of New Mexico for the purpose of owning, developing, managing and leasing residential housing projects in New Mexico.

The Partnerships originally qualified for and were allocated federal low-income housing tax credits pursuant to Internal Revenue Code Section 42 (“Section 42”), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project was required to meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the tax credits (compliance period). The compliance period ended December 31, 2016 for Apple Ridge Apartments LP, Brentwood Apartments LP, and Montana Meadows Apartments LP and December 31, 2015 for Wildewood Apartments LP. Per the Option Agreement, on January 1, 2017, the Limited Partners for Apple Ridge Apartments LP, Brentwood Apartments LP, and Montana Meadows Apartments LP (Withdrawing Limited Partners) offered to sell their interest in the Project to YES Housing, Inc., an affiliate of the General Partner. In fiscal year 2016, YES Housing, Inc. gave notice to the Withdrawing Limited Partners of its intent to exercise the option. Per the Option Agreement, on January 1, 2016, the Limited Partners for Wildewood Apartments LP (Withdrawing Limited Partners) offered to sell their interest in the Project to YES Housing, Inc., an affiliate of the General Partner. In fiscal year 2015, YES Housing, Inc. gave notice to the Withdrawing Limited Partners of its intent to exercise the option.

On March 23, 2016, YES exercised its right to purchase the limited partnership interest for Wildewood Apartments LP under the Partnership agreement option agreements. A “Redemption, Assignment and Assumption Agreement” was executed and the Withdrawing Limited Partners’ interests were respectively redeemed by the Partnerships and simultaneously re-issued to YES Housing, Inc., sole member of the respective General Partners as described below. YES-CDT JV, LLC was formed to acquire the Partnerships interests of the property and the membership interest of the Manager Member of the General Partners. A new operating agreement was executed on April 12, 2016 that takes precedent over some of the language in the partnership agreement. On January 1, 2017, YES exercised its right to purchase the limited partnership interest for Apple Ridge Apartments LP, Brentwood Apartments LP, and Montana Meadows Apartments LP under the Partnership agreement option agreements. A “Redemption, Assignment and Assumption Agreement” was executed and the Withdrawing Limited Partners’ interests were respectively redeemed by the Partnerships and simultaneously re-issued to YES Housing, Inc., sole member of the respective General Partners. The operating agreement was amended on February 2, 2017 for Apple Ridge Apartments LP, Brentwood Apartments LP, and Montana Meadows Apartments LP.

## YES Housing, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 13 – Limited Partnership Purchases (continued)

Effective April 12, 2016 and February 8, 2017, YES Housing Inc. executed an “Assignment and Assumption Agreement” and transferred 100 percent of its limited partner interest and membership interest of the Projects into YES-CDT JV, LLC for a purchase price of \$3,300,000 for Wildewood, \$6,200,000 for Apple Ridge, \$8,550,000 for Brentwood Gardens, and \$5,150,000 for Montana Meadows. The partnership agreement was amended to admit a new limited partner (Successor Limited Partner), YES-CDT JV, LLC. YES-CDT JV, LLC is comprised of the following for all Projects:

YES Housing, Inc. - Manager Member	10%
AH Equity Limited Partnership - CDT Investor Member	90%
	<u>100%</u>

The General Partner of Apple Ridge Apartments Limited Partnership is YES Apple Ridge, LLC. The General Partner of Brentwood Gardens Apartments Limited Partnership is YES Brentwood Gardens, LLC. The General Partner of Montana Meadows Apartments Limited Partnership is YES Montana Meadows, LLC. The General Partner of Wildewood Apartments Limited Partnership is YES Wildewood, LLC.

The allocation of profits and losses of the Partnership for all Projects are as follows:

General Partner	0.01%
Limited Partner	99.99% *
Total Allocation	<u>100.00%</u>

\*9.999% further allocated to the Manager Member and 89.991% to the CDT Investor Member, on a pro rata basis in accordance with their member interests.

The Partnerships shall be dissolved upon the first to occur of December 31, 2099 or the unanimous vote of all the partners, in accordance with section 7.2 of the partnership agreement.

The major activities of the Partnerships are governed by the limited partnership agreements and Internal Revenue Code Section 42 (Section 42). While the Section 42 fifteen-year compliance period ended December 31, 2016 for Apple Ridge, Brentwood Gardens and Montana Meadows and ended December 31, 2015 for Wildewood, the Partnerships also executed an extended use regulatory agreement and declaration of restrictive covenants (LURA) which requires the utilization of the project pursuant to Section 42 requirements for a minimum of an additional 30 years after the end of the Section 42 compliance period, even if the Partnerships dispose of the projects. Each building of the project qualified for and was allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years of the Section 42 compliance period as well as the additional 30 years required by the LURA. Failure to comply with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken low-income housing tax credits plus interest. Such potential noncompliance may require an adjustment to the contributed capital by the respective partners.

**YES Housing, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

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**Note 13 – Limited Partnership Purchases (continued)**

**Solar Villa Apartments LP, LLLP**

The Solar Villa Apartments LP, LLLP (“Solar Villa”) was formed as a limited liability limited partnership under the laws of the state of New Mexico for the purpose of owning, developing, managing and leasing residential housing projects in New Mexico on November 13, 2017 by and among YES Solar Villa Apartments, LLC, a New Mexico limited liability company, as General Partner, Yes Housing, Inc., a New Mexico nonprofit corporation, as the Withdrawing Limited Partner, Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, as the Investor Limited Partner, and a designated corporation as the Special Limited Partner.

The Investor Limited Partner is obligated to make installments of contributions to the Partnership including an initial installment of \$400,000, a 50% construction completion installment of \$1,176,611, a 75% construction completion installment of \$671,688, a construction completion installment of \$300,000, a performance installment of \$8,520,140 as subject to the agreement, and an 8609 Installment of \$495,400 and a final installment of \$50,000.

The partnership interests and capital contributions are as follows:

Partner	Capital Contribution	Interest
YES - General Partner	\$10	0.01%
Wells Fargo AHCDC - Investor Limited Partner	\$11,613,839 *	99.99%
Total Contribution	\$11,613,849	100.00%

\*Subject to all of the terms and conditions of the agreement including installments of contributions.

The allocation of profits and losses of the Partnership for all Projects are as follows:

YES - General Partner	0.01%
Wells Fargo AHCDC - Investor Limited Partner	99.99%
Total Allocation	100.00%

The Partnership shall continue in existence until December 31, 2107.

## **YES Housing, Inc. and Affiliates**

### **Notes to Consolidated Financial Statements**

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#### **Note 13 – Limited Partnership Purchases (continued)**

##### **Otero Village Apartments LP**

Otero Village Apartments Limited Partnership (Partnership) is a New Mexico Limited Partnership, which was formed on May 20, 2002 to acquire, construct, own, finance, lease and operate Otero Village Apartments (Project), an apartment complex in Alamogordo, New Mexico. The Project consists of 40 units that are qualified as low-income housing units within the meaning of Section 42 of the Internal Revenue Code (IRC) of 1986, as amended.

The Low Income Housing Tax Credit Compliance period ended December 31, 2015. On December 31, 2015, the General Partner YES Housing Inc. transferred its percentage interest of one-tenth of one percent (0.1%) to YES Otero Village, LLC (General Partner). YES Otero Village, LLC is 100% owned by YES Housing, Inc., a New Mexico non-profit corporation. An Assignment and Assumption agreement was executed on March 31, 2016 to transfer the Limited Partners interest in the property. NDC Corporate Equity Fund III, LP, a Delaware limited partnership elected to transfer all of its ninety-nine and nine tenths percent (99.9%) percentage of interest to YES Housing, Inc. (Limited Partner). The Partnership shall continue in existence until December 2040.



## **Supplementary Information**

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**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position**  
**December 31, 2017**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villa Brentwood Gardens Grant
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 1,959,433	\$ 11,795	\$ 57	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	1,500,951	-	-	-	94,148	-
Accounts Receivable - Affiliates	-	-	-	380,405	60,019	-
Construction Costs Receivable	-	-	30,917	-	-	-
Rents and Miscellaneous Receivables	2,391	-	804	10,306	15	12,980
Prepaid Expenses and Deposits	3,652	18,584	4,222	2,540	4,168	-
Interfund Receivables	11,743	50,942	-	10,668	-	-
Total Current Assets	3,478,170	81,321	36,000	403,919	158,350	12,980
<b>WORK IN PROGRESS</b>	-	-	-	-	-	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	1,183,005	-	1,120,189	-	-	-
<b>OTHER ASSETS</b>						
Tax Credit Monitoring Fees, Net	-	-	-	-	-	-
Predevelopment Costs	-	-	73,215	-	-	-
Receivables - Affiliates	934,149	-	-	-	-	-
Notes Receivable - Affiliates	15,668,597	-	-	-	-	-
Notes Receivable	450,000	-	-	-	645,940	-
Investments in Limited Partnerships	(900,474)	-	-	-	-	-
Investments in Marketable Securities	10,542,137	-	-	-	-	-
Development Fees Receivable	2,041,558	-	428,551	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Restricted Investments (457(b) Plan)	591,760	-	-	-	-	-
Total Other Assets	29,327,727	-	501,766	-	645,940	-
Total Assets	\$ 33,988,902	\$ 81,321	\$ 1,657,955	\$ 403,919	\$ 804,290	\$ 12,980

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2017**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villa Brentwood Gardens Grant
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Long-Term Debt - Current Maturities and Net of Unamortized Debt Issuance Costs	\$ -	\$ -	\$ 19,042	\$ -	\$ -	\$ -
Accrued Interest Payable	-	-	2,545	-	-	-
Accounts Payable	30,806	18,586	12,756	8,377	2,076	-
Accrued Salaries and Payroll Taxes	18,474	47,379	24,136	14,777	16,486	-
Tenant Prepaid Rent	-	-	-	-	-	-
Other Accrued Expenses	3,579	15,356	3,633	-	-	-
Security Deposits	-	-	-	-	-	-
Short-Term Promissory Notes Payable	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-
Interfund Payables	11,252	-	15,830	13,078	9,545	12,980
Total Current Liabilities	64,111	81,321	77,942	36,232	28,107	12,980
<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	591,760	-	-	-	-	-
Long-Term Debt, Less Current Maturities and Net of Unamortized Debt Issuance Costs	8,705,000	-	443,109	-	-	-
Total Long-Term Liabilities	9,296,760	-	443,109	-	-	-
Total Liabilities	9,360,871	81,321	521,051	36,232	28,107	12,980
<b>NET ASSETS</b>						
Unrestricted	24,628,031	-	1,136,904	367,687	776,183	-
Capital Contribution	-	-	-	-	-	-
Partners' Capital (Deficit)	-	-	-	-	-	-
Net Assets Attributable to YES Housing, Inc. and Affiliates	24,628,031	-	1,136,904	367,687	776,183	-
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	24,628,031	-	1,136,904	367,687	776,183	-
Total Liabilities and Net Assets	\$ 33,988,902	\$ 81,321	\$ 1,657,955	\$ 403,919	\$ 804,290	\$ 12,980

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2017**

	Charter School	901 Pennsylvania	La Hacienda LLC	Solar Villa Apartments	Transitional Living	YES of Arizona, Inc.	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash and Cash Equivalents	\$ -	\$ -	\$ 22,562	\$ 2,835	\$ -	\$ 307	\$ 4,538	\$ 78,347	\$ 36,096	\$ 106,948
Restricted Cash and Cash Equivalents	-	-	15,265	-	-	-	80,548	46,973	47,960	142,037
Accounts Receivable - Affiliates	-	-	-	-	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-	-	-	-	-
Rents and Miscellaneous Receivables	-	-	1,949	-	-	106	2,093	4,240	8,788	3,221
Prepaid Expenses and Deposits	1,655	-	9,952	-	-	-	28,560	13,826	9,325	18,099
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,655	-	49,728	2,835	-	413	115,739	143,386	102,169	270,305
<b>WORK IN PROGRESS</b>	-	-	-	-	-	-	-	-	-	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	1,181,899	-	1,425,757	-	-	-	12,206,274	17,022,544	2,157,899	4,527,847
<b>OTHER ASSETS</b>										
Tax Credit Monitoring Fees, Net	-	-	-	-	-	-	63,639	78,075	-	-
Predevelopment Costs	-	-	-	-	-	180,451	-	-	-	-
Receivables - Affiliates	-	-	-	-	-	649,619	-	-	-	-
Notes Receivable - Affiliates	-	-	-	-	-	3,153,253	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-
Investments in Limited Partnerships	-	-	-	-	-	(1,762,216)	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	284,696	-	-	-	314,977	428,826	235,934	558,467
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	-	-	-	-
Total Other Assets	-	-	284,696	-	-	2,221,107	378,616	506,901	235,934	558,467
<b>Total Assets</b>	<b>\$ 1,183,554</b>	<b>\$ -</b>	<b>\$ 1,760,181</b>	<b>\$ 2,835</b>	<b>\$ -</b>	<b>\$ 2,221,520</b>	<b>\$ 12,700,629</b>	<b>\$ 17,672,831</b>	<b>\$ 2,496,002</b>	<b>\$ 5,356,619</b>

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2017**

	Charter School	901 Pennsylvania	La Hacienda LLC	Solar Villa Apartments	Transitional Living	YES of Arizona, Inc.	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership
<b>LIABILITIES AND NET ASSETS</b>										
<b>CURRENT LIABILITIES</b>										
Long-Term Debt - Current Maturities and Net of Unamortized Debt Issuance Costs	\$ 23,615	\$ -	-	\$ -	\$ -	\$ -	\$ 34,229	\$ 26,638	\$ 64,230	\$ 173,412
Accrued Interest Payable	3,156	-	-	-	-	-	7,192	-	10,303	29,010
Accounts Payable	3,355	-	1,715	782	-	-	35,297	965	3,466	512
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-	-	-	-
Tenant Prepaid Rent	-	-	86	-	-	-	1,415	5,068	-	3,322
Other Accrued Expenses	-	-	4,157	2,053	-	-	41,801	22,341	28,558	48,907
Security Deposits	-	-	9,937	-	-	-	16,260	17,865	14,272	30,106
Short-Term Promissory Notes Payable	-	-	-	-	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-	-	-	-	-
Interfund Payables	-	-	-	10,668	-	-	-	-	-	-
Total Current Liabilities	30,126	-	15,895	13,503	-	-	136,194	72,877	120,829	285,269
<b>LONG-TERM LIABILITIES</b>										
Due to Affiliates	-	-	-	-	-	2,819,731	1,442,219	3,603,674	-	-
Deferred AHP Revenue	-	-	-	-	-	-	-	378,000	-	-
Development Fee Payable	-	-	-	-	-	-	22,532	406,019	-	-
Asset Management Fee Payable	-	-	-	-	-	-	-	-	-	-
Accrued Interest Payable - Long-Term	-	-	-	-	-	-	-	352,136	-	-
Pension Plan Liability	-	-	-	-	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and Net of Unamortized Debt Issuance Costs	549,518	-	2,315,448	-	-	-	2,272,861	1,607,630	2,671,323	6,951,357
Total Long-Term Liabilities	549,518	-	2,315,448	-	-	2,819,731	3,737,612	6,347,459	2,671,323	6,951,357
Total Liabilities	579,644	-	2,331,343	13,503	-	2,819,731	3,873,806	6,420,336	2,792,152	7,236,626
<b>NET ASSETS</b>										
Unrestricted	603,910	-	-	(10,668)	-	(598,211)	-	-	-	-
Capital Contribution	-	-	-	-	-	-	9,778,615	12,569,500	860,941	2,019,099
Partners' Capital (Deficit)	-	-	(571,162)	-	-	-	(951,792)	(1,317,005)	(1,157,091)	(3,899,106)
Net Assets Attributable to YES Housing, Inc. and Affiliates	603,910	-	(571,162)	(10,668)	-	(598,211)	8,826,823	11,252,495	(296,150)	(1,880,007)
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-
Total Net Assets	603,910	-	(571,162)	(10,668)	-	(598,211)	8,826,823	11,252,495	(296,150)	(1,880,007)
Total Liabilities and Net Assets	\$ 1,183,554	\$ -	\$ 1,760,181	\$ 2,835	\$ -	\$ 2,221,520	\$ 12,700,629	\$ 17,672,831	\$ 2,496,002	\$ 5,356,619

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2017**

	Montana Meadows Apartments Limited Partnership	Los Tres Apartments L.P.	Gallup Sunset Hills Apartments Limited Partnership	Vista Grande Apartments Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 117,150	\$ 128,571	\$ 533,678	\$ 8,571	\$ 77,827	\$ 64,022
Restricted Cash and Cash Equivalents	68,171	104,572	35,064	45,948	57,233	30,075
Accounts Receivable - Affiliates	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-
Rents and Miscellaneous Receivables	12,856	13,037	8,565	9,417	10,581	5,553
Prepaid Expenses and Deposits	14,263	73,091	13,612	24,554	16,448	18,477
Interfund Receivables	-	-	-	-	-	-
Total Current Assets	<u>212,440</u>	<u>319,271</u>	<u>590,919</u>	<u>88,490</u>	<u>162,089</u>	<u>118,127</u>
<b>WORK IN PROGRESS</b>	-	-	26,283	-	19,026	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	2,836,832	15,986,854	9,553,191	3,649,783	3,342,870	6,733,072
<b>OTHER ASSETS</b>						
Tax Credit Monitoring Fees, Net	-	18,343	60,375	-	-	25,803
Predevelopment Costs	-	-	-	-	-	-
Receivables - Affiliates	-	-	-	-	-	-
Notes Receivable - Affiliates	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Investments in Limited Partnerships	-	-	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	390,867	337,032	782,607	164,718	405,749	121,274
Restricted Investments (457(b) Plan)	-	-	-	-	-	-
Total Other Assets	<u>390,867</u>	<u>355,375</u>	<u>842,982</u>	<u>164,718</u>	<u>405,749</u>	<u>147,077</u>
Total Assets	<u>\$ 3,440,139</u>	<u>\$ 16,661,500</u>	<u>\$ 11,013,375</u>	<u>\$ 3,902,991</u>	<u>\$ 3,929,734</u>	<u>\$ 6,998,276</u>

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2017**

	Montana Meadows Apartments Limited Partnership	Los Tres Apartments L.P.	Gallup Sunset Hills Apartments Limited Partnership	Vista Grande Apartments Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 91,344	\$ 155,478	\$ 82,408	\$ 47,861	\$ 100,482	\$ 11,220
Accrued Interest Payable	15,591	48,189	6,782	4,523	18,054	4,521
Accounts Payable	2,819	5,585	1,475	6,222	934	570
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-
Tenant Prepaid Rent	2,412	11,979	1,046	6,227	985	770
Other Accrued Expenses	38,033	142,424	20,463	34,433	42,326	47,908
Security Deposits	18,142	53,209	13,271	25,848	19,776	20,480
Short-Term Promissory Notes Payable	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	14,020	-
Interfund Payables	-	-	-	-	-	-
Total Current Liabilities	168,341	416,864	125,445	125,114	196,577	85,469
<b>LONG-TERM LIABILITIES</b>						
Due to Affiliates	-	6,149,746	28,059	1,186,726	-	-
Deferred AHP Revenue	-	-	-	-	-	-
Development Fee Payable	-	2,380,216	-	374,158	-	-
Asset Management Fee Payable	-	191,359	-	64,896	-	-
Accrued Interest Payable - Long-Term	-	649,619	-	582,321	-	146,416
Pension Plan Liability	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and Net of Unamortized Debt Issuance Costs	3,499,479	9,392,023	2,484,728	3,568,736	4,315,278	962,176
Total Long-Term Liabilities	3,499,479	18,762,963	2,512,787	5,776,837	4,315,278	1,108,592
Total Liabilities	3,667,820	19,179,827	2,638,232	5,901,951	4,511,855	1,194,061
<b>NET ASSETS</b>						
Unrestricted	-	-	-	-	-	-
Capital Contribution	1,968,913	-	500,689	-	2,181,349	-
Partners' Capital (Deficit)	(2,196,594)	(2,518,327)	7,874,454	(1,998,960)	(2,763,470)	5,804,215
Net Assets Attributable to YES Housing, Inc. and Affiliates	(227,681)	(2,518,327)	8,375,143	(1,998,960)	(582,121)	5,804,215
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	(227,681)	(2,518,327)	8,375,143	(1,998,960)	(582,121)	5,804,215
Total Liabilities and Net Assets	\$ 3,440,139	\$ 16,661,500	\$ 11,013,375	\$ 3,902,991	\$ 3,929,734	\$ 6,998,276

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2017**

	Mesa Del Norte Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P.	Eliminations	Total
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 51,056	\$ 94,867	\$ 7,654	\$ 3,011	\$ 71,402	\$ -	\$ 3,380,727
Restricted Cash and Cash Equivalents	16,292	18,614	22,722	32,002	23,500	-	2,382,075
Accounts Receivable - Affiliates	-	-	-	-	-	(440,424)	-
Construction Costs Receivable	-	-	-	-	-	-	30,917
Rents and Miscellaneous Receivables	318	13,530	3,156	7,730	12,086	-	143,722
Prepaid Expenses and Deposits	8,438	14,183	10,712	18,326	2,402	-	329,089
Interfund Receivables	-	-	-	-	-	(73,353)	-
Total Current Assets	76,104	141,194	44,244	61,069	109,390	(513,777)	6,266,530
<b>WORK IN PROGRESS</b>	-	-	-	-	1,232,466	(400,000)	877,775
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	5,046,425	4,917,830	1,411,397	3,407,235	4,700,000	(10,845,113)	91,565,790
<b>OTHER ASSETS</b>							
Tax Credit Monitoring Fees, Net	27,761	25,651	-	8,496	-	-	308,143
Predevelopment Costs	-	-	-	-	-	(180,451)	73,215
Receivables - Affiliates	-	-	-	-	-	(1,245,378)	338,390
Notes Receivable - Affiliates	-	-	-	-	-	(15,821,850)	3,000,000
Notes Receivable	-	-	-	-	-	-	1,095,940
Investments in Limited Partnerships	-	-	-	-	-	3,014,138	351,448
Investments in Marketable Securities	-	-	-	-	-	-	10,542,137
Development Fees Receivable	-	-	-	-	-	(2,470,109)	-
Restricted Cash and Cash Equivalents	184,243	719,118	34,750	109,713	-	-	5,072,971
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	591,760
Total Other Assets	212,004	744,769	34,750	118,209	-	(16,703,650)	21,374,004
Total Assets	\$ 5,334,533	\$ 5,803,793	\$ 1,490,391	\$ 3,586,513	\$ 6,041,856	\$ (28,462,540)	\$ 120,084,099



**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2017**

	Mesa Del Norte Apartments Limited Partnership	YES Deming Mountain View Apartments, Limited LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P.	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 24,895	\$ 37,056	8,603	\$ 12,612	\$ 4,017,466	\$ -	\$ 4,930,591
Accrued Interest Payable	3,225	3,972	4,176	4,420	-	-	165,659
Accounts Payable	1,587	930	1,668	9,202	1,862	-	151,547
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	121,252
Tenant Prepaid Rent	1,638	145	1,391	668	3,351	-	40,503
Other Accrued Expenses	38,203	39,588	5,939	28,700	4,550	(105,501)	507,451
Security Deposits	11,742	9,551	17,186	9,689	23,500	-	310,834
Short-Term Promissory Notes Payable	-	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-	14,020
Interfund Payables	-	-	-	-	-	(73,353)	-
Total Current Liabilities	81,290	91,242	38,963	65,291	4,050,729	(178,854)	6,241,857
<b>LONG-TERM LIABILITIES</b>							
Due to Affiliates	-	-	-	303,706	-	(15,533,861)	-
Deferred AHP Revenue	252,000	-	-	-	-	(630,000)	-
Development Fee Payable	-	-	-	-	-	(2,470,109)	712,816
Asset Management Fee Payable	-	-	-	-	-	(173,363)	82,892
Accrued Interest Payable - Long-Term	12,936	-	-	246,594	-	(1,245,378)	744,644
Pension Plan Liability	-	-	-	-	-	-	591,760
Long-Term Debt, Less Current Maturities and Net of Unamortized Debt Issuance Costs	1,303,097	1,403,511	951,478	1,388,485	1,515,000	-	56,300,237
Total Long-Term Liabilities	1,568,033	1,403,511	951,478	1,938,785	1,515,000	(20,052,711)	58,432,349
Total Liabilities	1,649,323	1,494,753	990,441	2,004,076	5,565,729	(20,231,565)	64,674,206
<b>NET ASSETS</b>							
Unrestricted	-	-	-	-	-	(8,280,975)	18,622,861
Capital Contribution	-	73,574	-	-	400,000	(29,035,844)	1,316,836
Partners' Capital (Deficit)	3,685,210	4,235,466	499,950	1,582,437	76,127	(11,236,489)	(4,852,137)
Net Assets Attributable to YES Housing, Inc. and Affiliates	3,685,210	4,309,040	499,950	1,582,437	476,127	(48,553,308)	15,087,560
Noncontrolling Interest	-	-	-	-	-	40,322,333	40,322,333
Total Net Assets	3,685,210	4,309,040	499,950	1,582,437	476,127	(8,230,975)	55,409,893
Total Liabilities and Net Assets	\$ 5,334,533	\$ 5,803,793	\$ 1,490,391	\$ 3,586,513	\$ 6,041,856	\$ (28,462,540)	\$ 120,084,099

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position**  
**December 31, 2016**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 202,110	\$ 9,748	\$ 10,606	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	77,008	-	-	-	16,025	-
Accounts Receivable - Affiliates	-	-	-	330,567	44,819	-
Construction Costs Receivable	-	-	2,608	-	-	-
Rents and Miscellaneous Receivables	648	-	-	93,179	6,308	5,108
Prepaid Expenses and Deposits	1,357	16,711	2,871	1,513	2,336	-
Interfund Receivables	3,796	48,101	19	116	512	86
Total Current Assets	284,919	74,560	16,104	425,375	70,000	5,194
<b>WORK IN PROGRESS</b>	1,049	-	-	-	-	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	133,519	-	1,126,336	-	-	-
<b>OTHER ASSETS</b>						
Tax Credit Monitoring Fees, Net	-	-	-	-	-	-
Predevelopment Costs	-	-	52,196	-	-	-
Receivables - Affiliates	729,359	-	-	-	-	-
Notes Receivable - Affiliates	15,778,994	-	-	-	-	-
Notes Receivable	-	-	-	-	713,821	-
Investments in Limited Partnerships	4,102,099	-	-	-	-	-
Investments in Marketable Securities	1,798,843	-	-	-	-	-
Development Fees Receivable	2,041,558	-	1,741,433	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Restricted Investments (457(b) Plan)	517,583	-	-	-	-	-
Total Other Assets	24,968,436	-	1,793,629	-	713,821	-
Total Assets	\$ 25,387,923	\$ 74,560	\$ 2,936,069	\$ 425,375	\$ 783,821	\$ 5,194

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ -	\$ -	\$ 511,271	\$ -	\$ -	\$ -
Accrued Interest Payable	-	-	3,420	-	-	-
Accounts Payable	40,131	18,310	13,685	3,997	1,043	324
Accrued Salaries and Payroll Taxes	15,571	42,323	14,035	12,579	10,703	-
Tenant Prepaid Rent	-	-	-	-	-	-
Other Accrued Expenses	-	13,781	3,630	-	-	-
Security Deposits	-	-	-	-	-	-
Interfund Payables	10,911	146	14,542	12,272	9,976	4,785
Total Current Liabilities	66,613	74,560	560,583	28,848	21,722	5,109
<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	517,583	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	8,705,000	-	265,643	-	-	-
Total Long-Term Liabilities	9,222,583	-	265,643	-	-	-
Total Liabilities	9,289,196	74,560	826,226	28,848	21,722	5,109
<b>NET ASSETS</b>						
Unrestricted	16,098,727	-	1,951,066	396,527	762,099	85
Capital Contribution	-	-	158,777	-	-	-
Partners' Capital (Deficit)	-	-	-	-	-	-
Net Assets Attributable to YES Housing, Inc. and Affiliates	16,098,727	-	2,109,843	396,527	762,099	85
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	16,098,727	-	2,109,843	396,527	762,099	85
Total Liabilities and Net Assets	\$ 25,387,923	\$ 74,560	\$ 2,936,069	\$ 425,375	\$ 783,821	\$ 5,194

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	Roswell Service Summit Service Coordinator Grant	Charter School	901 Pennsylvania	La Hacienda LLC	Solar Villas Apartments
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ 51,036	\$ 39,118	\$ 6,997
Restricted Cash and Cash Equivalents	-	-	-	-	71,508
Accounts Receivable - Affiliates	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-
Rents and Miscellaneous Receivables	-	-	-	1,635	1,745
Prepaid Expenses and Deposits	-	1,297	1,964	9,313	16,427
Interfund Receivables	-	-	-	-	-
Total Current Assets	-	1,297	53,000	50,066	96,677
<b>WORK IN PROGRESS</b>	-	-	-	9,129	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	-	1,225,073	540,765	1,503,379	3,391,828
<b>OTHER ASSETS</b>					
Tax Credit Monitoring Fees, Net	-	7,285	4,858	-	28,102
Predevelopment Costs	-	-	-	-	-
Receivables - Affiliates	-	-	-	-	-
Notes Receivable - Affiliates	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Investments in Limited Partnerships	-	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	289,168	320,826
Restricted Investments (457(b) Plan)	-	-	-	-	-
Total Other Assets	-	7,285	4,858	289,168	348,928
Total Assets	\$ -	\$ 1,233,655	\$ 598,623	\$ 1,851,742	\$ 3,837,433

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	Roswell Service Summit Service Coordinator Grant	Charter School	901 Pennsylvania	La Hacienda LLC	Solar Villas Apartments	Transitional Living
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ -	\$ 604,780	\$ 51,520	\$ -	\$ 95,000	\$ -
Accrued Interest Payable	-	3,286	1,020	-	21,715	-
Accounts Payable	-	43	618	6,823	40,142	-
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-
Tenant Prepaid Rent	-	-	-	1,128	4,722	-
Other Accrued Expenses	-	3,352	3,582	4,086	15,343	-
Security Deposits	-	-	-	9,662	24,373	-
Interfund Payables	-	-	-	-	-	-
Total Current Liabilities	-	611,461	56,740	21,699	201,295	-
<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	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	-	-	344,603	2,320,989	3,315,000	-
Total Long-Term Liabilities	-	-	344,603	2,320,989	3,315,000	-
Total Liabilities	-	611,461	401,343	2,342,688	3,516,295	-
<b>NET ASSETS</b>						
Unrestricted	-	622,194	197,280	(490,946)	321,138	123,033
Capital Contribution	-	-	-	-	-	-
Partners' Capital (Deficit)	-	-	-	-	-	-
Net Assets Attributable to YES Housing, Inc. and Affiliates	-	622,194	197,280	(490,946)	321,138	123,033
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	-	622,194	197,280	(490,946)	321,138	123,033
Total Liabilities and Net Assets	\$ -	\$ 1,233,655	\$ 598,623	\$ 1,851,742	\$ 3,837,433	\$ 123,033

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	YES of Arizona, Inc.	New Leaf Community Limited Partnership	UR 205 Silver LLC ( Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 307	\$ 73,318	\$ 74,832	\$ 97,602	\$ 31,363	\$ 1,175
Restricted Cash and Cash Equivalents	-	64,826	18,440	35,138	275,014	169,558
Accounts Receivable - Affiliates	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-
Rents and Miscellaneous Receivables	-	13,500	10,811	6,982	4,651	6,370
Prepaid Expenses and Deposits	15,000	34,365	23,569	6,683	20,369	13,030
Interfund Receivables	-	-	-	-	-	-
Total Current Assets	15,307	186,009	127,652	146,405	331,397	190,133
<b>WORK IN PROGRESS</b>	-	-	-	-	-	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	-	12,595,876	17,470,065	2,213,792	4,699,748	2,965,585
<b>OTHER ASSETS</b>						
Tax Credit Monitoring Fees, Net	-	68,503	129,547	-	-	-
Predevelopment Costs	233,182	-	-	-	-	-
Receivables - Affiliates	649,619	-	-	-	-	-
Notes Receivable - Affiliates	3,153,253	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Investments in Limited Partnerships	(1,577,318)	-	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	295,590	472,948	244,187	544,721	296,132
Restricted Investments (457(b) Plan)	-	-	-	-	-	-
Total Other Assets	2,458,736	364,093	602,495	244,187	544,721	296,132
Total Assets	\$ 2,474,043	\$ 13,145,978	\$ 18,200,212	\$ 2,604,384	\$ 5,575,866	\$ 3,451,850

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	YES of Arizona, Inc.	New Leaf Community Limited Partnership	UR 205 Silver LLC ( Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ -	\$ 39,544	\$ 4,915,674	\$ 61,607	\$ 3,676,976	\$ 1,879,374
Accrued Interest Payable	-	6,017	14,129	10,521	21,749	11,647
Accounts Payable	5,583	36,665	55,706	16,765	5,652	19,116
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-
Tenant Prepaid Rent	-	655	1,720	-	2,351	3,927
Other Accrued Expenses	-	45,046	-	25,894	43,541	34,938
Security Deposits	-	16,150	18,687	13,352	28,572	17,427
Interfund Payables	-	-	-	-	-	-
Total Current Liabilities	5,583	144,077	5,005,916	128,139	3,778,841	1,966,429
<b>LONG-TERM LIABILITIES</b>						
Due to Affiliates	2,819,731	1,415,000	3,967,769	8,350	-	-
Deferred AHP Revenue	-	-	-	-	-	-
Development Fee Payable	-	200,601	1,540,832	-	-	-
Asset Management Fee Payable	-	-	-	-	-	-
Accrued Interest Payable - Long-Term	-	-	206,280	-	-	-
Pension Plan Liability	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	-	2,298,554	535,996	2,707,737	-	-
Total Long-Term Liabilities	2,819,731	3,914,155	6,250,877	2,716,087	-	-
Total Liabilities	2,825,314	4,058,232	11,256,793	2,844,226	3,778,841	1,966,429
<b>NET ASSETS</b>						
Unrestricted	(351,271)	-	-	-	-	-
Capital Contribution	-	8,854,935	7,587,950	860,941	-	-
Partners' Capital (Deficit)	-	232,811	(644,531)	(1,100,783)	1,797,025	1,485,421
Net Assets Attributable to YES Housing, Inc. and Affiliates	(351,271)	9,087,746	6,943,419	(239,842)	1,797,025	1,485,421
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	(351,271)	9,087,746	6,943,419	(239,842)	1,797,025	1,485,421
Total Liabilities and Net Assets	\$ 2,474,043	\$ 13,145,978	\$ 18,200,212	\$ 2,604,384	\$ 5,575,866	\$ 3,451,850

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	Los Tres Apartments L.P.	Gallup Sunset Hills Apartments Limited Partnership	Vista Grande Apartments 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	\$ 227,119	\$ 497,505	\$ 44,550	\$ 8,541	\$ 33,926	\$ 51,994
Restricted Cash and Cash Equivalents	98,086	24,646	61,756	150,021	196,628	38,058
Accounts Receivable - Affiliates	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-
Rents and Miscellaneous Receivables	17,624	5,284	16,051	5,499	21,847	1,454
Prepaid Expenses and Deposits	74,313	14,015	27,404	17,051	4,152	865
Interfund Receivables	-	-	-	-	-	-
Total Current Assets	<u>417,142</u>	<u>541,450</u>	<u>149,761</u>	<u>181,112</u>	<u>256,553</u>	<u>92,371</u>
<b>WORK IN PROGRESS</b>	-	-	-	-	-	-
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	16,431,508	9,973,695	3,776,913	3,489,717	6,953,595	5,247,878
<b>OTHER ASSETS</b>						
Tax Credit Monitoring Fees, Net	23,283	65,406	3,876	-	30,372	30,363
Predevelopment Costs	-	-	-	-	-	-
Receivables - Affiliates	-	-	-	-	-	-
Notes Receivable - Affiliates	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Investments in Limited Partnerships	-	-	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	225,236	751,892	73,494	191,218	103,338	171,581
Restricted Investments (457(b) Plan)	-	-	-	-	-	-
Total Other Assets	<u>248,519</u>	<u>817,298</u>	<u>77,370</u>	<u>191,218</u>	<u>133,710</u>	<u>201,944</u>
Total Assets	<u>\$ 17,097,169</u>	<u>\$ 11,332,443</u>	<u>\$ 4,004,044</u>	<u>\$ 3,862,047</u>	<u>\$ 7,343,858</u>	<u>\$ 5,542,193</u>



**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	Los Tres Apartments L.P.	Gallup Sunset Hills Apartments Limited Partnership	Vista Grande Apartments Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Mesa Del Norte Apartments Limited Partnership
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 183,723	\$ 80,440	\$ 46,537	\$ 2,548,247	\$ 10,367	\$ 29,514
Accrued Interest Payable	94,057	6,944	15,808	16,041	4,164	3,285
Accounts Payable	4,042	2,055	11,921	6,572	11,056	539
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-
Tenant Prepaid Rent	9,819	418	5,729	587	3,358	940
Other Accrued Expenses	145,809	37,272	32,966	32,796	191,783	32,800
Security Deposits	44,834	13,020	27,301	20,516	15,900	10,692
Interfund Payables	-	-	-	-	-	-
Total Current Liabilities	482,284	140,149	140,262	2,624,759	236,628	77,770
<b>LONG-TERM LIABILITIES</b>						
Due to Affiliates	6,149,746	40,552	1,186,727	-	16,833	11,161
Deferred AHP Revenue	-	-	-	-	-	-
Development Fee Payable	2,382,000	-	374,158	-	-	-
Asset Management Fee Payable	195,335	-	59,904	-	-	-
Accrued Interest Payable - Long-Term	649,619	-	427,332	-	129,871	10,416
Pension Plan Liability	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	9,492,345	2,566,705	3,612,209	-	972,276	1,571,990
Total Long-Term Liabilities	18,869,045	2,607,257	5,660,330	-	1,118,980	1,593,567
Total Liabilities	19,351,329	2,747,406	5,800,592	2,624,759	1,355,608	1,671,337
<b>NET ASSETS</b>						
Unrestricted	-	-	-	-	-	-
Capital Contribution	-	500,689	80,000	-	-	-
Partners' Capital (Deficit)	(2,254,160)	8,084,348	(1,876,548)	1,237,288	5,988,250	3,870,856
Net Assets Attributable to YES Housing, Inc. and Affiliates	(2,254,160)	8,585,037	(1,796,548)	1,237,288	5,988,250	3,870,856
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	(2,254,160)	8,585,037	(1,796,548)	1,237,288	5,988,250	3,870,856
Total Liabilities and Net Assets	\$ 17,097,169	\$ 11,332,443	\$ 4,004,044	\$ 3,862,047	\$ 7,343,858	\$ 5,542,193

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	YES Deming Mountain View Apartments, LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Eliminations	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 267,320	\$ 11,289	\$ 40,693	\$ -	1,781,149
Restricted Cash and Cash Equivalents	29,300	16,605	18,590	-	1,361,207
Accounts Receivable - Affiliates	-	-	-	(375,386)	-
Construction Costs Receivable	-	-	-	-	2,608
Rents and Miscellaneous Receivables	8,575	1,932	7,676	-	236,879
Prepaid Expenses and Deposits	14,148	10,730	26,154	-	356,956
Interfund Receivables	-	-	-	(52,630)	-
Total Current Assets	319,343	40,556	93,113	(428,016)	3,738,799
<b>WORK IN PROGRESS</b>	-	4,995	-	-	15,173
<b>PROPERTY, FURNITURE AND EQUIPMENT, NET</b>	5,113,028	1,492,655	3,468,337	(10,528,669)	93,406,337
<b>OTHER ASSETS</b>					
Tax Credit Monitoring Fees, Net	28,501	-	10,172	-	430,268
Predevelopment Costs	-	-	-	(180,451)	104,927
Receivables - Affiliates	-	-	-	(1,112,587)	266,391
Notes Receivable - Affiliates	-	-	-	(15,930,266)	3,001,981
Notes Receivable	-	-	-	-	713,821
Investments in Limited Partnerships	-	-	-	(2,161,530)	363,251
Investments in Marketable Securities	-	-	-	-	1,798,843
Development Fees Receivable	-	-	-	(3,782,991)	-
Restricted Cash and Cash Equivalents	621,557	26,704	91,412	-	4,720,004
Restricted Investments (457(b) Plan)	-	-	-	-	517,583
Total Other Assets	650,058	26,704	101,584	(23,167,825)	11,917,069
Total Assets	\$ 6,082,429	\$ 1,564,910	\$ 3,663,034	\$ (34,124,510)	\$ 109,077,378

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Financial Position (continued)**  
**December 31, 2016**

	YES Deming Mountain View Apartments, LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 31,615	\$ 7,952	\$ 11,879	\$ -	\$ 14,786,020
Accrued Interest Payable	3,468	4,229	4,458	-	245,958
Accounts Payable	1,561	17,107	7,883	(11,482)	315,857
Accrued Salaries and Payroll Taxes	-	-	-	-	95,211
Tenant Prepaid Rent	218	133	869	-	36,574
Other Accrued Expenses	54,640	16,885	43,086	(42,794)	738,436
Security Deposits	9,966	13,056	9,265	-	292,773
Interfund Payables	-	-	-	(52,632)	-
Total Current Liabilities	101,468	59,362	77,440	(106,908)	16,510,829
<b>LONG-TERM LIABILITIES</b>					
Due to Affiliates	-	198,779	213,056	(16,027,704)	-
Deferred AHP Revenue	-	-	-	-	-
Development Fee Payable	-	-	-	(3,782,991)	714,600
Asset Management Fee Payable	-	-	-	(155,366)	99,873
Accrued Interest Payable - Long-Term	-	13,283	206,525	(1,109,346)	533,980
Pension Plan Liability	-	-	-	-	517,583
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	1,584,571	958,480	1,409,989	(252,000)	42,410,087
Total Long-Term Liabilities	1,584,571	1,170,542	1,829,570	(21,327,407)	44,276,123
Total Liabilities	1,686,039	1,229,904	1,907,010	(21,434,315)	60,786,952
<b>NET ASSETS</b>					
Unrestricted	-	-	-	5,340,577	24,970,509
Capital Contribution	73,574	-	-	(18,116,866)	-
Partners' Capital (Deficit)	4,322,816	335,006	1,756,024	(39,103,066)	(15,869,243)
Net Assets Attributable to YES Housing, Inc. and Affiliates	4,396,390	335,006	1,756,024	(51,879,355)	9,101,266
Noncontrolling Interest	-	-	-	39,189,160	39,189,160
Total Net Assets	4,396,390	335,006	1,756,024	(12,690,195)	48,290,426
Total Liabilities and Net Assets	\$ 6,082,429	\$ 1,564,910	\$ 3,663,034	\$ (34,124,510)	\$ 109,077,378

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities**  
**December 31, 2017**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
<b>REVENUES AND OTHER SUPPORT</b>						
Rent, Net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Revenue	-	-	-	-	5,792	-
Grant Revenue	(1,981)	-	-	-	100,000	69,793
Development Fees	-	-	400,000	13,818	-	-
Interest	544,514	-	6,205	-	10,242	-
Net Unrealized/Realized Gain (Loss) on Investments	363,813	-	-	-	-	-
Net Realized Gain on Capital Investments	7,028,187	-	-	1,707,740	-	-
Other Revenue	550	-	-	191,823	43,500	-
Property Management Fees	20,000	-	-	3,552	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	1,287,898	-	1,494,876	-	232,737	43
Total Revenue and Other Support	9,242,981	-	1,901,081	1,916,933	392,271	69,836
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	338,715	-	573,883	420,566	150,621	45,982
Payroll Taxes	24,718	-	45,786	35,291	12,616	14,099
Employee Benefits	132,805	-	169,095	159,673	45,960	-
Total Personnel Expenses	496,238	-	788,764	615,530	209,197	60,081
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	70,617	-	1,541	-	-	-
Donations Expense	6,306	-	-	-	-	-
Duplication and Publishing	654	-	867	799	1,232	-
Equipment	539	-	17,235	10,476	5,295	-
Insurance	6,539	-	10,237	5,856	4,636	-
Interest	8,656	-	32,617	-	-	-
(Gain) Loss on Disposal of Assets	22,616	-	11,827	-	-	-
Other Expenses	17,645	-	23,976	36,881	14,154	6,449
Predevelopment/Development Costs	-	-	28,449	-	-	-
Professional Fees	63,011	-	30,225	43,863	25,659	-
Property Management	-	-	-	-	-	-
Property Taxes	4,309	-	7,267	-	-	-
Rent	-	-	33,572	15,494	10,267	-
Repairs and Maintenance	11,751	-	15,697	10,957	2,435	-
Social Services	-	-	47	-	94,127	-
Telephone and Utilities	4,165	-	11,925	10,141	3,598	-
Training	570	-	6,018	4,951	276	1,192
Travel	61	-	10,797	3,019	5,261	2,156
Operating Transfers, Net	-	-	1,684,181	1,187,806	2,050	43
Total Other Expenses	217,439	-	1,926,478	1,330,243	168,990	9,840
Total Expenses	713,677	-	2,715,242	1,945,773	378,187	69,921
<b>CHANGE IN NET ASSETS</b>	8,529,304	-	(814,161)	(28,840)	14,084	(85)
Net Assets and Partners' Capital - Beginning of Year	16,098,727	-	2,109,843	396,527	762,099	85
Capital Contributions	-	-	-	-	-	-
Distributions	-	-	(158,778)	-	-	-
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ 24,628,031</u>	<u>\$ -</u>	<u>\$ 1,136,904</u>	<u>\$ 367,687</u>	<u>\$ 776,183</u>	<u>\$ -</u>

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2017**

	Charter School	901 Pennsylvania	La Hacienda LLC	Solar Villas Apartments	Transitional Living
<b>REVENUES AND OTHER SUPPORT</b>					
Rent, Net	\$ 103,962	\$ 59,208	130,365	283,027	\$ 6,750
Contribution Revenue	-	-	-	-	-
Grant Revenue	-	-	-	493,934	-
Development Fees	-	-	-	-	-
Interest	-	-	421	639	-
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-
Net Realized Gain on Capital Investments	-	-	-	-	-
Other Revenue	-	-	4,474	2,428	-
Property Management Fees	-	-	-	-	-
Construction Management Fees	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-
Total Revenue and Other Support	103,962	59,208	135,260	780,028	6,750
<b>PERSONNEL EXPENSES</b>					
Salaries and Wages	-	-	27,614	79,788	-
Payroll Taxes	-	-	3,408	30,915	-
Employee Benefits	-	-	6,140	-	-
Total Personnel Expenses	-	-	37,162	110,703	-
<b>OTHER EXPENSES</b>					
Depreciation and Amortization	45,803	14,958	98,016	146,428	5,042
Donations Expense	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-
Equipment	-	-	-	-	-
Insurance	1,628	1,375	11,490	14,664	354
Interest	40,219	2,112	-	248,320	-
(Gain) Loss on Disposal of Assets	7,203	4,661	-	325,616	118,197
Other Expenses	1,904	52	8,284	14,932	-
Predevelopment/Development Costs	-	-	-	-	-
Professional Fees	-	-	2,809	(9,326)	305
Property Management	-	23,552	18,300	60,668	-
Property Taxes	6,711	3,690	3,497	-	-
Rent	-	-	-	-	-
Repairs and Maintenance	863	1,558	17,645	58,806	365
Social Services	-	-	-	4,042	-
Telephone and Utilities	-	8,461	16,234	135,896	-
Training	-	-	1,544	1,085	-
Travel	-	-	495	-	-
Operating Transfers, Net	17,915	196,069	-	-	5,520
Total Other Expenses	122,246	256,488	178,314	1,001,131	129,783
Total Expenses	122,246	256,488	215,476	1,111,834	129,783
<b>CHANGE IN NET ASSETS</b>					
	(18,284)	(197,280)	(80,216)	(331,806)	(123,033)
Net Assets and Partners' Capital - Beginning of Year	622,194	197,280	(490,946)	321,138	123,033
Capital Contributions	-	-	-	-	-
Distributions	-	-	-	-	-
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>					
	\$ 603,910	\$ -	\$ (571,162)	\$ (10,668)	\$ -

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2017**

	YES of Arizona, Inc.	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
<b>REVENUES AND OTHER SUPPORT</b>						
Rent, Net	\$ -	\$ 369,733	\$ 463,006	\$ 537,138	\$ 1,135,674	\$ 731,155
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	-	-	-	48,177	-	54,799
Development Fees	-	-	-	-	-	-
Interest	-	327	51	18	14	8
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net Realized Gain (Loss) on Capital Investments	(184,898)	-	-	-	-	-
Other Revenue	-	17,114	40,420	2,649	5,346	4,878
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	78,030	-	-	-	-	-
Total Revenue and Other Support	(106,868)	387,174	503,477	587,982	1,141,034	790,840
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	-	94,727	96,244	53,451	98,353	37,685
Payroll Taxes	-	-	31,760	26,368	32,004	51,768
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	-	94,727	128,004	79,819	130,357	89,453
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	-	430,789	494,400	103,485	218,499	155,178
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	-	25,003	25,874	8,735	20,657	22,422
Interest	-	87,173	289,882	142,303	369,972	180,375
(Gain) Loss on Disposal of Assets	-	-	-	454	134,958	104,626
Other Expenses	1,590	36,193	25,071	18,379	33,873	12,651
Predevelopment/Development Costs	116,089	-	-	-	-	-
Professional Fees	12,239	26,973	16,535	17,117	20,588	13,930
Property Management	-	23,143	38,291	33,386	64,470	42,006
Property Taxes	-	43,939	7,500	17,246	55,642	25,800
Rent	-	-	-	-	-	-
Repairs and Maintenance	-	48,103	41,096	42,055	77,214	41,708
Social Services	-	-	-	49,107	6,142	61,943
Telephone and Utilities	-	38,362	57,838	31,579	56,656	39,325
Training	420	8,173	310	5,197	1,520	4,915
Travel	9,734	11,734	-	-	81	100
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	140,072	779,585	996,797	469,043	1,060,272	704,979
Total Expenses	140,072	874,312	1,124,801	548,862	1,190,629	794,432
<b>CHANGE IN NET ASSETS</b>	(246,940)	(487,138)	(621,324)	39,120	(49,595)	(3,592)
Net Assets and Partners' Capital - Beginning of Year	(351,271)	9,087,746	6,943,419	(239,842)	1,797,025	1,485,421
Capital Contributions	-	226,215	4,930,400	-	2,019,099	1,968,913
Distributions	-	-	-	(95,428)	(5,646,536)	(3,678,423)
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ (598,211)</u>	<u>\$ 8,826,823</u>	<u>\$ 11,252,495</u>	<u>\$ (296,150)</u>	<u>\$ (1,880,007)</u>	<u>\$ (227,681)</u>

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2017**

	Los Tres Apartments L.P.	Gallup Sunset Hills Apartments Limited Partnership	Vista Grande Apartments Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Mesa Del Norte Apartments Limited Partnership
<b>REVENUES AND OTHER SUPPORT</b>						
Rent, Net	\$ 2,511,354	\$ 498,299	\$ 741,706	\$ 787,862	\$ 397,437	\$ 293,967
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	-	51,422	-	60,312	-	-
Development Fees	-	-	-	-	-	-
Interest	957	207	27	5	154	62
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net Realized Gain on Capital Investments	-	-	-	-	-	-
Other Revenue	108,005	6,312	3,600	5,462	10,169	5,585
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	2,620,316	556,240	745,333	853,641	407,760	299,614
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	368,250	41,390	108,374	66,133	48,409	68,971
Payroll Taxes	112,418	1,355	35,811	21,824	17,066	22,761
Employee Benefits	-	11,723	-	-	-	-
Total Personnel Expenses	480,668	54,468	144,185	87,957	65,475	91,732
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	672,374	427,737	175,858	179,464	315,592	222,122
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	47,212	16,137	24,851	18,222	22,422	9,253
Interest	362,302	51,410	206,948	223,208	71,515	44,282
(Gain) Loss on Disposal of Assets	13,518	-	4,744	106,753	(68,419)	-
Other Expenses	100,646	17,853	47,727	16,912	19,295	7,835
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	31,722	11,717	16,089	14,957	11,140	11,565
Property Management	145,187	56,828	51,150	42,439	33,748	26,396
Property Taxes	144,020	30,977	24,569	19,701	22,325	18,292
Rent	-	-	-	-	-	-
Repairs and Maintenance	333,578	20,557	85,136	48,259	32,679	14,907
Social Services	-	53,042	-	66,480	6,174	5,500
Telephone and Utilities	549,602	25,159	165,088	47,889	54,834	32,538
Training	3,619	-	1,382	841	3,651	290
Travel	35	249	18	566	1,364	548
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	2,403,815	711,666	803,560	785,691	526,320	393,528
Total Expenses	2,884,483	766,134	947,745	873,648	591,795	485,260
<b>CHANGE IN NET ASSETS</b>	(264,167)	(209,894)	(202,412)	(20,007)	(184,035)	(185,646)
Net Assets and Partners' Capital - Beginning of Year	(2,254,160)	8,585,037	(1,796,548)	1,237,288	5,988,250	3,870,856
Capital Contributions	-	-	-	2,181,349	-	-
Distributions	-	-	-	(3,980,751)	-	-
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ (2,518,327)</u>	<u>\$ 8,375,143</u>	<u>\$ (1,998,960)</u>	<u>\$ (582,121)</u>	<u>\$ 5,804,215</u>	<u>\$ 3,685,210</u>

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2017**

	YES Deming Mountain View Apartments, LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P.	Eliminations	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Rent, Net	\$ 356,996	\$ 217,606	\$ 354,112	\$ 116,809	\$ -	\$ 10,096,166
Contribution Revenue	-	-	-	-	-	5,792
Grant Revenue	71,807	-	28,830	-	-	977,093
Development Fees	-	-	-	-	(400,000)	13,818
Interest	45	46	141	-	(146,074)	418,009
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	8,507	-	372,320
Net Realized Gain on Capital Investments	-	-	-	-	(1,737,163)	6,813,866
Other Revenue	3,005	269,459	2,217	370	(458,026)	269,340
Property Management Fees	-	-	-	-	(23,552)	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	(3,093,584)	-
Total Revenue and Other Support	431,853	487,111	385,300	125,686	(5,858,399)	18,966,404
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	31,276	41,560	53,889	9,127	-	2,855,008
Payroll Taxes	10,617	13,468	24,292	-	-	568,345
Employee Benefits	-	-	-	-	-	525,396
Total Personnel Expenses	41,893	55,028	78,181	9,127	-	3,948,749
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	200,685	114,798	128,265	-	(316,444)	3,905,207
Donations Expense	-	-	-	-	-	6,306
Duplication and Publishing	-	-	-	-	-	3,552
Equipment	-	-	-	-	-	33,545
Insurance	17,172	10,124	18,176	-	-	343,039
Interest	39,233	50,411	91,574	1,890	(146,074)	2,398,328
(Gain) Loss on Disposal of Assets	-	628	516	-	(1,707,740)	(919,842)
Other Expenses	19,290	24,758	60,734	2,286	-	569,370
Predevelopment/Development Costs	-	-	-	-	-	144,538
Professional Fees	11,640	1,913	11,140	391	-	386,202
Property Management	44,180	13,335	63,664	6,918	(77,420)	710,241
Property Taxes	12,486	10,126	14,198	-	-	472,295
Rent	-	-	-	-	-	59,333
Repairs and Maintenance	37,632	11,352	29,060	10,758	-	994,171
Social Services	71,807	-	35,761	1,000	(33,500)	421,672
Telephone and Utilities	10,743	25,751	21,382	16,689	-	1,363,855
Training	4,621	3,130	4,592	500	-	58,797
Travel	-	813	1,644	-	-	48,675
Operating Transfers, Net	-	-	-	-	(3,093,584)	-
Total Other Expenses	469,489	267,139	480,706	40,432	(5,374,762)	10,999,284
Total Expenses	511,382	322,167	558,887	49,559	(5,374,762)	14,948,033
<b>CHANGE IN NET ASSETS</b>	(79,529)	164,944	(173,587)	76,127	(483,637)	4,018,371
Net Assets and Partners' Capital - Beginning of Year	4,396,390	335,006	1,756,024	-	(12,690,195)	48,290,426
Capital Contributions	-	-	-	400,000	(616,936)	11,109,040
Distributions	(7,821)	-	-	-	5,559,793	(8,007,944)
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ 4,309,040</u>	<u>\$ 499,950</u>	<u>\$ 1,582,437</u>	<u>\$ 476,127</u>	<u>\$ (8,230,975)</u>	<u>\$ 55,409,893</u>



**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2016**

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
<b>REVENUES AND OTHER SUPPORT</b>						
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Revenue	-	-	-	-	7,100	-
Grant Revenue	81,645	-	2,500	-	755,000	49,957
Development Fees	-	-	1,598,499	-	-	-
Interest	280,969	-	1	3	4,796	-
Net Unrealized/Realized Gain (Loss) on Investments	3,334,259	-	-	-	-	-
Net realized gain on capital investments	1,441,663	-	-	-	-	-
Other Revenue	6,915	-	500	521,545	36,000	-
Property Management Fees	-	-	-	7,010	-	-
Construction Management Fees	-	-	30,000	-	-	-
Operating Transfers, Net	-	-	-	293,258	160,804	-
Total Revenue and Other Support	5,145,451	-	1,631,500	821,816	963,700	49,957
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	373,789	-	457,605	337,793	100,940	34,468
Payroll Taxes	29,395	-	39,726	29,911	8,864	9,309
Employee Benefits	122,143	-	124,183	115,986	36,322	-
Total Personnel Expenses	525,327	-	621,514	483,690	146,126	43,777
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	41,972	-	529	-	-	-
Donations Expense	11,450	-	-	-	-	-
Duplication and Publishing	356	-	450	514	671	-
Equipment	1,744	-	10,404	5,805	3,588	-
Insurance	4,942	-	10,673	5,947	4,444	-
Interest	36,170	-	45,655	-	-	-
Loss on Disposal of Assets	1,369	-	-	-	-	-
Other Expenses	26,473	-	26,440	23,421	15,181	5,748
Predevelopment/Development Costs	-	-	41,092	-	-	-
Professional Fees	22,156	-	27,762	91,519	17,283	-
Property Management	-	-	-	-	-	-
Property Taxes	-	-	7,259	-	-	-
Rent	-	-	50,634	28,055	16,063	-
Repairs and Maintenance	1,317	-	6,493	5,760	500	-
Social Services	-	-	1,803	-	22,023	-
Telephone and Utilities	3,356	-	10,470	5,779	2,861	-
Training	5,982	-	5,755	4,056	314	346
Travel	15	-	15,710	3,884	1	-
Operating Transfers, Net	241,198	-	307,309	-	-	-
Total Other Expenses	398,500	-	568,438	174,740	82,929	6,094
Total Expenses	923,827	-	1,189,952	658,430	229,055	49,871
<b>CHANGE IN NET ASSETS</b>	4,221,624	-	441,548	163,386	734,645	86
Net Assets and Partners' Capital - Beginning of Year	11,877,103	-	1,668,295	233,141	27,454	(1)
Capital Contributions	-	-	-	-	-	-
Distributions	-	-	-	-	-	-
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ 16,098,727</u>	<u>\$ -</u>	<u>\$ 2,109,843</u>	<u>\$ 396,527</u>	<u>\$ 762,099</u>	<u>\$ 85</u>

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2016**

	Roswell Service Summit Service Coordinator Grant	Charter School	901 Pennsylvania	La Hacienda LLC	Solar Villas Apartments	Transitional Living
<b>REVENUES AND OTHER SUPPORT</b>						
Rent	\$ -	\$ 100,608	\$ 116,830	\$ 123,086	\$ 313,954	\$ 16,200
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	6,372	-	-	-	575,198	-
Development Fees	-	-	-	-	-	-
Interest	-	-	-	313	48	-
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-	-
Other Revenue	-	10,700	-	5,407	6,905	-
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	6,372	111,308	116,830	128,806	896,105	16,200
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	5,179	-	-	28,167	39,858	-
Payroll Taxes	142	-	-	10,790	78,116	-
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	5,321	-	-	38,957	117,974	-
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	-	46,125	26,603	97,855	173,890	11,147
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	-	1,519	2,133	12,809	11,592	1,696
Interest	-	39,995	17,990	-	291,105	-
Loss on Disposal of Assets	-	-	-	-	293	-
Other Expenses	257	41	-	7,068	13,703	-
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	-	2,605	-	1,312	14,284	-
Property Management	-	-	7,010	17,502	87,687	-
Property Taxes	-	6,705	7,165	3,354	-	-
Rent	-	-	-	-	-	-
Repairs and Maintenance	-	-	5,302	17,071	83,827	5,650
Social Services	-	-	-	-	7,185	-
Telephone and Utilities	-	-	15,058	16,366	145,101	-
Training	-	-	-	1,679	1,067	-
Travel	-	-	-	808	-	-
Operating Transfers, Net	-	43,594	-	-	-	3,265
Total Other Expenses	257	140,584	81,261	175,824	829,734	21,758
Total Expenses	5,578	140,584	81,261	214,781	947,708	21,758
<b>CHANGE IN NET ASSETS</b>	794	(29,276)	35,569	(85,975)	(51,603)	(5,558)
Net Assets and Partners' Capital - Beginning of Year	(794)	651,470	161,711	(404,971)	372,741	128,591
Capital Contributions	-	-	-	-	-	-
Distributions	-	-	-	-	-	-
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	\$ -	\$ 622,194	\$ 197,280	\$ (490,946)	\$ 321,138	\$ 123,033

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2016**

	YES of Arizona, Inc.	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
<b>REVENUES AND OTHER SUPPORT</b>						
Rent	\$ -	\$ 362,032	\$ 265,406	\$ 527,531	\$ 1,121,890	\$ 717,384
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	-	-	-	60,203	-	48,842
Development Fees	-	-	-	-	-	-
Interest	-	26	251	61	101	58
Net Unrealized/Realized Gain (Loss) on Investments	(207,900)	-	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-	-
Other Revenue	-	9,464	8,489	5,655	7,170	5,723
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	141,304	-	-	-	-	-
Total Revenue and Other Support	(66,596)	371,522	274,146	593,450	1,129,161	772,007
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	-	56,888	65,621	74,275	84,533	54,107
Payroll Taxes	-	10,159	20,102	21,373	27,896	20,658
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	-	67,047	85,723	95,648	112,429	74,765
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	-	394,265	249,183	128,349	213,668	143,982
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	-	21,664	31,158	19,418	21,105	15,066
Interest	-	161,807	195,804	132,704	277,751	151,493
Loss on Disposal of Assets	-	-	118,487	-	1,666	-
Other Expenses	3,367	33,844	118,505	149,894	34,762	53,820
Predevelopment/Development Costs	76,316	-	-	-	-	-
Professional Fees	1,670	12,065	16,528	14,262	14,207	10,833
Property Management	-	29,104	22,526	29,822	232,960	145,451
Property Taxes	-	58,135	7,573	15,654	55,657	27,445
Rent	-	-	-	-	-	-
Repairs and Maintenance	-	17,542	24,818	12,884	54,796	44,105
Social Services	-	-	-	60,203	6,297	54,842
Telephone and Utilities	48	36,345	50,990	32,247	55,366	41,731
Training	1,138	1,893	382	1,323	1,067	4,305
Travel	9,966	2,461	-	-	65	39
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	92,505	769,125	835,954	596,760	969,367	693,112
Total Expenses	92,505	836,172	921,677	692,408	1,081,796	767,877
<b>CHANGE IN NET ASSETS</b>						
	(159,101)	(464,650)	(647,531)	(98,958)	47,365	4,130
Net Assets and Partners' Capital -						
Beginning of Year	(192,170)	2,021,416	2,970,100	732,208	1,854,119	1,542,642
Capital Contributions	-	7,530,980	4,620,850	860,941	-	-
Distributions	-	-	-	(1,734,033)	(104,459)	(61,351)
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>						
	\$ (351,271)	\$ 9,087,746	\$ 6,943,419	\$ (239,842)	\$ 1,797,025	\$ 1,485,421

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2016**

	Los Tres Apartments L.P.	Gallup Sunset Hills Apartments Limited Partnership	Vista Grande Limited Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Mesa Del Norte Apartments Limited Partnership
<b>REVENUES AND OTHER SUPPORT</b>						
Rent	\$ 2,462,379	\$ 487,409	\$ 728,315	\$ 785,803	\$ 398,369	\$ 295,327
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	-	45,863	-	54,857	-	-
Development Fees	-	-	-	-	-	-
Interest	982	208	12	46	149	44
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-	-
Other Revenue	80,817	10,663	61,543	3,355	7,008	6,238
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	<u>2,544,178</u>	<u>544,143</u>	<u>789,870</u>	<u>844,061</u>	<u>405,526</u>	<u>301,609</u>
<b>PERSONNEL EXPENSES</b>						
Salaries and Wages	336,006	40,748	118,572	55,412	42,750	42,156
Payroll Taxes	101,712	6,808	39,129	16,391	5,674	47,632
Employee Benefits	-	9,656	-	-	-	-
Total Personnel Expenses	<u>437,718</u>	<u>57,212</u>	<u>157,701</u>	<u>71,803</u>	<u>48,424</u>	<u>89,788</u>
<b>OTHER EXPENSES</b>						
Depreciation and Amortization	676,964	427,530	168,062	181,590	274,299	220,909
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	45,456	23,507	29,358	15,294	30,735	16,267
Interest	323,409	52,428	293,941	208,965	73,419	44,989
Loss on Disposal of Assets	15,185	-	212,596	-	178	-
Other Expenses	96,319	26,940	29,044	31,934	20,610	7,058
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	24,950	13,484	18,899	9,363	10,940	12,555
Property Management	142,730	55,183	50,916	113,224	52,009	26,381
Property Taxes	142,235	23,981	23,869	19,442	21,943	17,334
Rent	-	-	-	-	-	-
Repairs and Maintenance	328,112	37,570	90,364	52,791	96,484	13,581
Social Services	-	45,863	-	61,294	6,000	7,043
Telephone and Utilities	556,385	23,999	153,691	40,772	50,835	28,791
Training	916	-	1,186	857	2,100	502
Travel	12	1,274	-	408	1,400	834
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	<u>2,352,673</u>	<u>731,759</u>	<u>1,071,926</u>	<u>735,934</u>	<u>640,952</u>	<u>396,244</u>
Total Expenses	<u>2,790,391</u>	<u>788,971</u>	<u>1,229,627</u>	<u>807,737</u>	<u>689,376</u>	<u>486,032</u>
<b>CHANGE IN NET ASSETS</b>	(246,213)	(244,828)	(439,757)	36,324	(283,850)	(184,423)
Net Assets and Partners' Capital - Beginning of Year	(1,957,136)	8,329,176	(1,436,791)	1,217,311	6,274,259	4,055,279
Capital Contributions	-	500,689	80,000	-	-	-
Distributions	(50,811)	-	-	(16,347)	(2,159)	-
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ (2,254,160)</u>	<u>\$ 8,585,037</u>	<u>\$ (1,796,548)</u>	<u>\$ 1,237,288</u>	<u>\$ 5,988,250</u>	<u>\$ 3,870,856</u>

**YES Housing, Inc. and Affiliates**  
**Consolidating Statement of Activities (continued)**  
**December 31, 2016**

	YES Deming Mountain View Apartments, LLLP	Otero Village Apartments Limited Partnership	Roswell Summit Apartments L.P.	Eliminations	Total
<b>REVENUES AND OTHER SUPPORT</b>					
Rent	\$ 343,843	\$ 217,633	\$ 339,589	\$ -	\$ 9,723,588
Contribution Revenue	-	240,000	-	-	247,100
Grant Revenue	65,761	-	24,194	-	1,770,392
Development Fees	-	-	-	(1,606,814)	(8,315)
Interest	70	31	109	(136,210)	152,068
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	(3,035,378)	90,981
Net realized gain on capital investments	-	-	-	-	1,441,663
Other Revenue	6,635	14,545	8,210	(528,852)	294,635
Property Management Fees	-	-	-	(7,010)	-
Construction Management Fees	-	-	-	(30,000)	-
Operating Transfers, Net	-	-	-	(595,366)	-
Total Revenue and Other Support	416,309	472,209	372,102	(5,939,630)	13,712,112
<b>PERSONNEL EXPENSES</b>					
Salaries and Wages	33,792	38,489	67,217	-	2,488,365
Payroll Taxes	11,645	19,476	10,926	-	565,834
Employee Benefits	-	-	-	-	408,290
Total Personnel Expenses	45,437	57,965	78,143	-	3,462,489
<b>OTHER EXPENSES</b>					
Depreciation and Amortization	200,014	111,144	124,916	(286,730)	3,626,266
Donations Expense	-	-	-	-	11,450
Duplication and Publishing	-	-	-	-	1,991
Equipment	-	-	-	-	21,541
Insurance	28,504	10,205	35,855	-	399,347
Interest	44,290	52,618	88,596	(136,210)	2,396,919
Loss on Disposal of Assets	-	622	238,477	-	588,873
Other Expenses	28,884	25,501	27,518	-	806,332
Predevelopment/Development Costs	-	-	-	-	117,408
Professional Fees	16,280	9,301	11,894	-	374,152
Property Management	40,506	13,716	73,742	(499,844)	640,625
Property Taxes	11,533	10,070	13,535	-	472,889
Rent	-	-	-	-	94,752
Repairs and Maintenance	34,936	27,815	29,538	-	991,256
Social Services	65,761	-	30,194	(36,000)	332,508
Telephone and Utilities	11,911	21,149	19,075	-	1,322,326
Training	4,406	4,115	2,528	-	45,917
Travel	-	720	210	-	37,807
Operating Transfers, Net	-	-	-	(595,366)	-
Total Other Expenses	487,025	286,976	696,078	(1,554,150)	12,282,359
Total Expenses	532,462	344,941	774,221	(1,554,150)	15,744,848
<b>CHANGE IN NET ASSETS</b>	(116,153)	127,268	(402,119)	(4,385,480)	(2,032,736)
Net Assets and Partners' Capital - Beginning of Year	4,438,969	207,738	2,158,143	(8,304,694)	38,625,309
Capital Contributions	73,574	-	-	-	13,667,034
Distributions	-	-	-	(21)	(1,969,181)
<b>NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR</b>	<u>\$ 4,396,390</u>	<u>\$ 335,006</u>	<u>\$ 1,756,024</u>	<u>\$ (12,690,195)</u>	<u>\$ 48,290,426</u>

## **Report of Independent Auditors 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***

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

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 YES Housing, Inc. and Affiliates (the Organization), 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 consolidated financial statements, and have issued our report thereon dated July 13, 2018.

The Organization's consolidated financial statements include the operations of Wildewood Apartments LP, Montana Meadows Apartments LP, Gallup Sunset Hills LLLP, Apple Ridge Apartments LP, YES Deming Mountain View Apartments LLLP, and Roswell Summit Apartments LP (the Partnerships) which received \$48,177, \$54,799, \$51,422, \$60,312, \$71,807, and \$28,830, respectively. Our audit, described below, did not include the operations of the Partnerships because the Partnerships engaged other auditors to perform an audit of their financial statements and the Partnerships' operations are not instrumental to those of YES Housing, Inc.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 result 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
July 13, 2018



**YES Housing, Inc. and Affiliates**  
**Schedule of Prior Audit Findings**  
**December 31, 2017**

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**Finding 2016-001 Reporting (Instance of Noncompliance)**

**Condition:** During 2016 single audit reporting test work, the auditor noted 1 out of 3 financial reports tested was submitted late to the federal awarding agency for the period end date of June 30, 2016. The report was due by July 30, 2016 and submitted on August 1, 2016.

**Auditors' Recommendation:** The auditor recommended management establish effective internal controls to ensure compliance with federal reporting regulations.

**Status of Finding:** Corrected

**Finding 2016-002 Suspension and Debarment (Instance of Noncompliance)**

**Condition:** During 2016 single audit suspension and debarment test work, the auditor noted the SAM check was not done before YES executed the loan agreement with ROKO LLC on June 11, 2015, nor was the SAM check done prior to the disbursement of funds beginning in April 2016.

**Auditors' Recommendation:** The auditor recommended management establish effective internal controls to ensure compliance with suspension and debarment regulations.

**Status of Finding:** Corrected