



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

YES HOUSING, INC. AND AFFILIATES

December 31, 2018 and 2017

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**YES HOUSING, INC. AND AFFILIATES
OFFICIAL ROSTER (UNAUDITED)
DECEMBER 31, 2018**

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

Executive Staff

Augustine C. Baca, YES President/CEO

Joseph R. Ortega, Senior Vice President of Development

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, 2018 and 2017, 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 audits. 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, Roswell Summit Apartments LP and Solar Villa Apartments Limited Partnership LLLP (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, 2018 and 2017. The Partnerships' statements reflect total assets of \$113,762,754 and \$94,993,944 as of December 31, 2018 and 2017 and revenues of \$10,672,227 and \$8,965,231 for the years ended December 31, 2018 and 2017, respectively. 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, 2018, 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.

Emphasis of Matter— Adoption of New Accounting Standard

As described in Note 1 to the consolidated financial statements, YES Housing, Inc. and Affiliates adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 23, 2019, 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 23, 2019

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

ASSETS

	December 31,	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,637,124	\$ 3,380,727
Restricted cash and cash equivalents	1,545,342	2,382,075
Construction costs receivable	-	30,917
Rents and miscellaneous receivables	150,408	143,722
Prepaid expenses and deposit	339,235	329,089
Total current assets	<u>4,672,109</u>	<u>6,266,530</u>
WORK IN PROGRESS	<u>51,607</u>	<u>877,775</u>
PROPERTY, FURNITURE AND EQUIPMENT, NET	<u>100,685,174</u>	<u>91,565,790</u>
OTHER ASSETS		
Tax credit monitoring fees, net of accumulated amortization	408,881	308,143
Predevelopment costs	846,119	73,215
Receivables - affiliates	380,801	338,390
Notes receivable - affiliates	3,000,000	3,000,000
Notes receivable	1,027,034	1,095,940
Investments in limited partnerships	351,408	351,448
Investments in marketable securities	9,485,857	10,542,137
Restricted cash and cash equivalents	5,216,082	5,072,971
Restricted investments (457(b) Plan)	602,728	591,760
Total other assets	<u>21,318,910</u>	<u>21,374,004</u>
Total assets	<u>\$ 126,727,800</u>	<u>\$ 120,084,099</u>

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

LIABILITIES AND NET ASSETS

	December 31,	
	2018	2017
CURRENT LIABILITIES		
Long-term debt - current maturities and net of unamortized debt issuance costs	\$ 11,370,874	\$ 4,930,591
Accrued interest payable	284,352	165,659
Accounts payable	292,633	151,547
Accrued salaries and payroll taxes	173,551	121,252
Tenant prepaid rent	83,570	40,503
Other accrued expenses	1,578,208	507,451
Security deposits	316,645	310,834
Deferred revenue	110,574	-
Total current liabilities	14,210,407	6,227,837
LONG-TERM LIABILITIES		
Due to affiliates	8,392	-
Deferred AHP revenue	-	14,020
Development fee payable	712,816	712,816
Asset management fee payable	20,732	82,892
Accrued interest payable - long-term	534,683	744,644
Pension plan liability	602,728	591,760
Long-term debt, less current maturities and net of unamortized debt issuance costs	57,107,995	56,300,237
Total long-term liabilities	58,987,346	58,446,369
Total liabilities	73,197,753	64,674,206
NET ASSETS		
Without donor restrictions	14,070,563	15,087,560
Net assets attributable to YES Housing, Inc. and Affiliates	14,070,563	15,087,560
Noncontrolling interest	39,459,484	40,322,333
Total net assets	53,530,047	55,409,893
Total liabilities and net assets	\$ 126,727,800	\$ 120,084,099

YES Housing, Inc. and Affiliates
Consolidated Statements of Activities

	Years Ended December 31,	
	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenue:		
Rent, net	\$ 10,645,357	\$ 10,096,166
Contribution revenue	610,495	5,792
Grant revenue	400,062	977,093
Development fees	-	13,818
Interest	918,058	418,009
Net unrealized/realized (loss) gain on investments	(249,268)	372,320
Net realized (loss) gain on capital investments	(538,653)	6,813,866
Other revenue	193,822	269,340
Total revenue	<u>11,979,873</u>	<u>18,966,404</u>
Expenses:		
Program	14,058,587	14,234,356
General and administrative	820,352	713,677
Total expenses	<u>14,878,939</u>	<u>14,948,033</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(2,899,066)	4,018,371
CHANGE IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	<u>(1,882,069)</u>	<u>(1,967,923)</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO YES HOUSING, INC.	<u>\$ (1,016,997)</u>	<u>\$ 5,986,294</u>

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

	<u>Without Donor Restrictions</u>	<u>Non-Controlling Interest</u>	<u>Total</u>
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	<u>5,986,294</u>	<u>(1,967,923)</u>	<u>4,018,371</u>
BALANCE, December 31, 2017	15,087,560	40,322,333	55,409,893
Capital Contributions	-	1,566,173	1,566,173
Distributions	-	(546,953)	(546,953)
Change in Net Assets	<u>(1,016,997)</u>	<u>(1,882,069)</u>	<u>(2,899,066)</u>
BALANCE, December 31, 2018	<u>\$ 14,070,563</u>	<u>\$ 39,459,484</u>	<u>\$ 53,530,047</u>

YES Housing, Inc. and Affiliates

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rents	\$ 10,688,424	\$ 10,100,095
Cash received from grantors	400,062	977,093
Interest received	1,927,260	123,370
Cash (paid) received from development fees	(772,904)	45,530
Cash received from contributions	71,842	6,819,658
Cash received (paid) for management fees	30,917	(28,309)
Other cash receipts	139,097	290,498
Interest paid	(2,427,860)	(2,267,963)
Cash paid to suppliers and employees	(8,294,462)	(9,783,778)
Net cash provided by operating activities	<u>1,762,376</u>	<u>6,276,194</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances on notes receivable	(62,160)	(397,119)
Payments received on notes receivable	68,906	-
Proceeds from sales of investments	(17,262,444)	1,503,665
Purchases of investments	17,060,294	(9,568,197)
Reductions to restricted cash	693,622	-
Additions to restricted cash	-	(1,373,835)
Payment on development fee	-	(1,784)
Purchases of property and equipment	(11,271,458)	(1,975,163)
Net cash used by investing activities	<u>(10,773,240)</u>	<u>(11,812,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	8,012,605	21,298,934
Payment on loans	(764,564)	(17,264,213)
Capital contribution	1,566,173	11,109,040
Distribution	(546,953)	(8,007,944)
Net cash provided by financing activities	<u>8,267,261</u>	<u>7,135,817</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(743,603)	1,599,578
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,380,727</u>	<u>1,781,149</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,637,124</u>	<u>\$ 3,380,727</u>

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

	Years Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,016,997)	\$ 5,986,294
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Loss (Gain) on disposal of assets	41,022	(919,842)
Depreciation and amortization	2,990,092	3,905,207
Net realized and unrealized gain on investments	249,268	(372,320)
Reinvested dividends and interest	1,009,202	(294,639)
Non-controlling interest	(1,882,069)	(1,967,923)
Changes in assets and liabilities		
Receivable - affiliates	(42,411)	(71,999)
Construction costs receivable	30,917	(28,309)
Rents and miscellaneous receivables	(6,686)	93,157
Prepaid expenses and deposit	(10,146)	27,867
Tax credit monitoring fees	(153,610)	89,868
Predevelopment costs	(772,904)	31,712
Due to affiliates	8,392	-
Accrued interest payable	(91,268)	130,365
Accounts payable	141,086	(164,310)
Accrued salaries and payroll taxes	52,299	26,041
Tenant prepaid rent	43,067	3,929
Other accrued expenses	1,070,757	(230,985)
Deferred revenue	96,554	14,020
Security deposits	5,811	18,061
	<u>2,779,373</u>	<u>289,900</u>
Total adjustments		
	<u>\$ 1,762,376</u>	<u>\$ 6,276,194</u>
Net cash provided (used) by operating activities		

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

	Year Ended December 31, 2018		
	Program	Management and General	Total
Salaries and wages	\$ 2,613,613	\$ 372,326	\$ 2,985,939
Payroll taxes	437,582	27,053	464,635
Employee benefits	447,484	132,975	580,459
Total personnel expenses	<u>3,498,679</u>	<u>532,354</u>	<u>4,031,033</u>
Depreciation and amortization	2,880,779	109,313	2,990,092
Donations expense	-	21,072	21,072
Duplication and publishing	1,250	340	1,590
Equipment	13,120	997	14,117
Insurance	359,579	7,906	367,485
Interest	2,328,592	8,000	2,336,592
Loss on disposal of assets	41,022	-	41,022
Other expenses	587,229	94,523	681,752
Professional fees	435,712	35,371	471,083
Property management	672,240	162	672,402
Property taxes	468,768	(900)	467,868
Rent	4,800	-	4,800
Repairs and maintenance	1,108,404	4,466	1,112,870
Social services	335,481	-	335,481
Telephone and utilities	1,272,783	4,981	1,277,764
Training	22,078	1,605	23,683
Travel	28,071	162	28,233
Total other expenses	<u>10,559,908</u>	<u>287,998</u>	<u>10,847,906</u>
Total expenses	<u>\$ 14,058,587</u>	<u>\$ 820,352</u>	<u>\$ 14,878,939</u>

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

	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	3,452,511	496,238	3,948,749
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 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	10,781,845	217,439	10,999,284
Total expenses	\$ 14,234,356	\$ 713,677	\$ 14,948,033

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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 Nuevo Atrisco Apartments LP, LLLP. 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 two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. In addition, YES is required to present a consolidated statement of cash flows. No donor restricted assets were held during the years ended December 31, 2018 and 2017 and, accordingly, these consolidated financial statements do not reflect any activity related to this class of net assets.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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, 2018 and 2017, there were no amounts recorded in the allowance for doubtful accounts. Historical uncollectible receivables have not been material to the consolidated 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 \$287,994, 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:

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

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, 2018 and 2017.

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 net assets without donor restrictions 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, 2018 and 2017.

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

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets without donor 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, 2018 and 2017. As a result, YES did not recognize federal and state income tax for the years ended December 31, 2018 and 2017.

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, Otero Village Apartments LP and Nuevo Atrisco Apartments LP LLLP 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, 2018 and 2017.

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. Program expenses are allocated costs related to the development, operation, maintenance, leasing and management of the various consolidated properties owned by YES as listed above. Accordingly, all other costs related to the general oversight and administration of the properties and partnerships by YES are allocated to management and general expenses.

Revenue Recognition

Revenues are recognized when earned.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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. Management has adopted this new pronouncement as of January 1, 2018.

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, 2018 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.

ASU 2018-13 – In August 2018, FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU modifies the disclosure requirements on fair value measurements in Topic 820. The amendments in ASU 2018-13 are effective for all entities for fiscal years beginning after December 15, 2019. Changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Management is in the process of determining the impact of this pronouncement.

ASU 2016-02, Leases (Topic 842) requires that an asset for the right of use and lease liability be recognized on the consolidated statement of financial position date for all leases extending more than 12 months, and allows the election of recognizing an asset and a liability for leases for the period fewer than 12 months. This amendment is effective for fiscal years beginning after December 15, 2019; however, early adoption is permitted. Management is currently considering the impact of this on the consolidated financial statements.

Reclassifications

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

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. YES recognized in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including estimates inherent in the process of preparing the consolidated financial statements. YES's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the balance sheet date and before consolidated financial statements are available to be issued. YES has evaluated subsequent events for recognition and disclosure through July 23, 2019, which is the date the consolidated financial statements were available to be issued.

The Nuevo Atrisco Apartments LP, LLLP ("Nuevo Atrisco") 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 July 24, 2018 by and among YES Nuevo Atrisco, LLC, a New Mexico limited liability company, as sole general partner. On May 2, 2019, the limited partnership agreement was amended by and among YES Nuevo Atrisco, LLC, a New Mexico limited liability company, as general partner, YES Housing, Inc., a New Mexico nonprofit corporation, as the withdrawing limited partner and sole member of the general 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 partnership's formation included the plans to construct an apartment complex eligible for low-income housing tax credits (LIHTC). As part of the amended agreement, YES Nuevo Atrisco, LLC, contributed \$600,010 (\$10 of which is a cash contribution and \$600,000 of which is a land contribution) for a 0.01% interest. Additionally, the investor limited partner will contribute \$10,005,190 for a 99.99% interest throughout the construction and loan conversion phase of the project. YES Nuevo Atrisco, LLC, will be paid an asset management fee of \$30,000 per year beginning in 2020 and increasing 3% each year thereafter.

YES Live Work LLC was formed as a limited liability company under the laws of the State of New Mexico for the purpose of purchasing, owning, holding, trading, developing, improving, managing, mortgaging, leasing or selling of real and personal property on July 20, 2018 by and among YES Housing, Inc. Six live work units, located in the same building as the Nuevo Atrisco Apartments LP, LLLP LIHTC project, will be constructed and operate separately from the LIHTC project. On May 2, 2019, the transaction closed and a notice to proceed with construction was issued.

A second phase of the development is slated to begin in 2020 which will consist of a retail phase of the project. On January 7, 2019 the Albuquerque City Council unanimously approved a resolution authorizing \$2,000,000 to plan, design, acquire property, construct and otherwise make improvements related to the Nuevo Atrisco retail portion of the development, including but not limited to street improvements, underground utilities, and buildout of a public plaza for the site.

On July 17, 2019, the EQ2 Loan maturity date was extended by 2 years with a new maturity date of June 22, 2021.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

YES was awarded LIHTCS of approximately \$1,157,000 in April 2019 for the development and construction of a 72 unit property in Hobbs, New Mexico. Additionally, YES formed YES Skyview Terrace, LLC, with YES being the sole member of the company for the purpose to serve as the sole general partner of Skyview Terrace LP, LLLP. Skyview Terrace LP, LLLP, was formed to acquire, hold, invest in, construct, rehabilitate, develop, improve, maintain, operate, lease and otherwise deal with the multifamily housing project to be known as Skyview Terrace Apartments in Hobbs, New Mexico.

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. Management expects to finalize the sale by the close of fiscal year 2019.

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

	<u>2018</u>	<u>2017</u>
Replacement Reserve	\$ 3,572,623	\$ 3,383,683
Operating Deficit Reserve	1,119,275	1,119,199
Debt Service Reserve	59,301	59,200
Construction Funds	-	184,227
Escrow Deposits	233,998	386,441
Other	1,130,000	402,521
Security Deposits	306,193	309,378
Money Market Fund	90,526	1,500,951
Interest Reserve	34,970	14,788
OCS Grant	172,780	94,658
Repair Reserve	41,758	-
Total	<u>\$ 6,761,424</u>	<u>\$ 7,455,046</u>
Current Restricted Cash and Cash Equivalents	\$ 1,545,342	\$ 2,382,075
Long-Term Restricted Cash and Cash Equivalents	<u>5,216,082</u>	<u>5,072,971</u>
	<u>\$ 6,761,424</u>	<u>\$ 7,455,046</u>

The money market fund in the amount of \$90,526 and \$1,500,951 as of December 31, 2018 and 2017, 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

Note 3 – Property, Furniture and Equipment

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

	<u>2018</u>	<u>2017</u>
Buildings	\$ 116,280,394	\$ 104,294,157
Buildings/Land Improvements	16,817,990	16,642,700
Furniture and Equipment	<u>6,037,481</u>	<u>5,301,418</u>
	139,135,865	126,238,275
Less: Accumulated Depreciation	<u>(47,483,487)</u>	<u>(43,128,134)</u>
	91,652,378	83,110,141
Land	<u>9,032,796</u>	<u>8,455,649</u>
Property, Furniture and Equipment, Net	<u><u>\$ 100,685,174</u></u>	<u><u>\$ 91,565,790</u></u>

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$2,937,220 and \$3,872,950, respectively.

Note 4 – Notes Receivable

Notes receivable consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
<i>Notes Receivable -Affiliate:</i>		
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, 2018 and 2017 was \$380,801 and \$338,390, respectively.	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
<i>Notes Receivable:</i>		
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.	577,034	645,940
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 extended maturity date of June 30, 2021.	<u>450,000</u>	<u>450,000</u>
	<u><u>\$ 1,027,034</u></u>	<u><u>\$ 1,095,940</u></u>

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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>2018</u>	<u>2017</u>
Tax Credit Monitoring Fees	\$ 624,089	\$ 484,510
Less: Accumulated Amortization	<u>(215,208)</u>	<u>(176,367)</u>
Total	<u>\$ 408,881</u>	<u>\$ 308,143</u>

Amortization expense for the years ended December 31, 2018 and 2017 totaled \$52,872 and \$32,257, 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

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:

	2018			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	\$ 1,225,416	\$ -	\$ -	\$ 1,225,416
Bond Funds	4,008,337	-	-	4,008,337
Value Funds	3,363,975	-	-	3,363,975
Emerging Markets	888,129	-	-	888,129
Subtotal	<u>9,485,857</u>	<u>-</u>	<u>-</u>	<u>9,485,857</u>
Restricted Investments (457(b) Plan):				
Mutual Funds:				
Growth Funds	71,646	-	-	71,646
Bond Funds	16,007	-	-	16,007
Value Funds	-	-	-	-
Fixed Income	466,444	-	-	466,444
Growth & Value Funds	48,631	-	-	48,631
Subtotal	<u>602,728</u>	<u>-</u>	<u>-</u>	<u>602,728</u>
Total	<u>\$ 10,088,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,088,585</u>

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

Note 6 – Fair Value of Financial Instruments (continued)

	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>

A summary of return on investments consists of the following for the years ended December 31, 2018 and 2017:

	2018	2017
Net Realized Income	\$ 93,086	\$ 42,577
Net Unrealized (Loss) Gain	(919,235)	329,743
Total	<u>\$ (826,149)</u>	<u>\$ 372,320</u>

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

Note 7 – Long-Term Debt

	2018	2017
Solar Villa - Construction loan to Wells Fargo, bearing interest at 1.90% plus the One-Month-LIBOR. Interest rate is adjusted every month. Loan matures on August 13, 2019. Effective interest rate was 5.37%.	\$ 9,624,241	\$ 4,023,934
Los Tres - Note payable to Walker & Dunlop, LLC, assigned to Federal Home Loan Mortgage Corporation, bearing interest at LIBOR plus 2.31% with a 30 year amortization. Monthly principal and interest payments, matures on May 1, 2022, upon which a balloon payment for the remaining mortgage balance will be due.	7,258,138	7,400,554
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.	7,102,937	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.	4,427,919	4,528,401
Montana Meadows - On February 8, 2017, loan issued by Hunt Mortgage Partners, LLC (Hunt, First Mortgage) in the original amount of \$3,760,000, 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.	3,603,693	3,695,037
YES UR 205 Silver, LLC - City of Albuquerque Workforce Housing Trust Funds note payable bearing interest at 3.5% per annum, secured by the property, matures on January 1, 2072.	3,375,000	3,375,000
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

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7 – Long-Term Debt (continued)

	2018	2017
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.	\$ 2,839,765	\$ 2,903,995
YES Solar Villa - Loan payable to the City of Albuquerque related to the rehabilitation and restoration of the Solar Villa Apartments, to be repaid from excess cash flows. The loan is secured by the property, bears no interest, and the unpaid principal balance matures in December 2058.	2,400,000	-
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.	2,312,352	2,318,214
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.	1,883,475	1,931,336
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	1,796,255
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.	1,575,997	1,589,185
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.	1,420,105	1,432,378

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

Note 7 – Long-Term Debt (continued)

	2018	2017
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
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.	1,167,124	1,182,170
Gonzales/Charter School - Raza Development Fund, Inc., monthly principal and interest payments of \$9,455 through February 1, 2022, with interest at 6.50%, secured by real estate.	1,002,054	1,048,716
Solar Villa - Loan payable to MFA commencing 11/13/2017 bearing 3%. Loan matures in 384 months. Consists of two portions. Construction loan is 24 months, on the last day of this portion, Partnership will pay down to \$250,000. Permanent loan commences after this for 360 months.	1,000,000	1,000,000
Roswell Summit - Mortgage payable to New Mexico Mortgage Finance Authority in monthly installments, bearing interest at 6%, matures on December 1, 2043.	752,228	764,840
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.	633,145	639,406
Bella Vista - Mortgage loan payable to Pacific Life Insurance Company, bearing interest at 7.93%, monthly payments due until maturity on August 1, 2027.	608,505	619,725
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.	560,179	600,721

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7 – Long-Term Debt (continued)

	2018	2017
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.	\$ 575,932	\$ 584,535
Solar Villa - Loan payable to NM Mortgage Finance Authority in the amount not to exceed \$600,000. Loan matures in 384 months. Consists of two portions. Construction loan is 24 months 0% interest, permanent loan commences after this is paid off at 0% as well. Monthly payments of \$1,500 ending November 1, 2049.	540,000	515,000
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
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.	485,119	495,688
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.	478,805	489,561
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
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.	471,354	477,604

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

Note 7 – Long-Term Debt (continued)

	2018	2017
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.	\$ 445,526	\$ 457,265
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.	437,484	449,479
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.	427,500	438,750
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.	421,505	428,497
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 - 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 3.5% per annum. Residual Receipts payments due annually effective May 1, 2016. Principal and all accrued and unpaid interest due at maturity, January 1, 2072. Secured by a Mortgage and Security Agreement.	378,000	378,000
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.	374,305	393,124

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7 – Long-Term Debt (continued)

	<u>2018</u>	<u>2017</u>
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.	\$ 348,546	\$ 377,230
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
YES Mesa Del Norte - Promissory note payable to YES, assigned through the Federal Home Loan Bank, bearing interest at 1%, compounded annually. Matures on December 31, 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.	159,527	176,710
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.	<u>50,125</u>	<u>50,125</u>
Total Long-Term Debt	69,547,727	62,448,671
Less: Unamortized Debt Issuance Costs	<u>(1,068,858)</u>	<u>(1,217,843)</u>
Total Long-Term Debt, Net of Unamortized Debt Issuance Costs	68,478,869	61,230,828
Less: Current Maturities	<u>(11,370,874)</u>	<u>(4,930,591)</u>
Total Long-Term Debt, Net of Current Maturities	<u>\$ 57,107,995</u>	<u>\$ 56,300,237</u>

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

Note 7 – Long-Term Debt (continued)

Aggregate maturities of long-term debt as of December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 11,410,236
2020	1,182,741
2021	1,138,424
2022	8,704,206
2023	904,095
Thereafter	<u>46,208,025</u>
Total	<u>\$ 69,547,727</u>

Interest expense incurred related to these notes for the years ended December 31, 2018 and 2017 totaled \$2,336,592 and \$2,398,328, respectively. Accrued interest related to these notes for the years ended December 31, 2018 and 2017 totaled \$819,035 and \$910,303, respectively.

Note 8 – Rental Revenue

In June 2013, YES entered into an agreement to lease one of its buildings. 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. In May 2019, the lease was extended through June 2020, with monthly rent of \$9,340. Rental revenue related to this lease for the years ended December 31, 2018 and 2017 was \$109,398 and \$103,962, 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, 2018 and 2017 was \$0 and \$59,208, 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, 2018 and 2017 was \$0 and \$6,750, 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. Rental revenue related to this lease for the years ended December 31, 2018 and 2017 was \$15,747 and \$0, respectively.

Future expected rent revenue at December 31, 2018 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 130,515
2020	75,026
2021	<u>1,586</u>
Total	<u>\$ 207,127</u>

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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 \$162,626 and \$151,323 to the retirement plan during the years ended December 31, 2018 and 2017, respectively.

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, Senior Vice President of Development and Senior Vice President/Chief Financial Officer) are eligible employees for participation in this plan. This plan is subject to credit risk. YES contributed \$50,372 and \$48,684 to the retirement plan during the years ended December 31, 2018 and 2017, respectively. The related 457(b) Retirement Plan assets included in restricted investments as of December 31, 2018 and 2017 totaled \$602,728 and \$591,760, respectively (Note 6).

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 2018. YES entered into a five year lease for equipment in November 2018.

Lease payments related to all leases for the years ended December 31, 2018 and 2017 totaled \$4,800 and \$59,333, respectively.

Future lease obligations are \$5,548 for years 2019 through 2022 and \$4,624 for year 2023.

Economic Dependence

YES receives support from federal grants. During the year ended December 31, 2018, revenues earned from federal grants amounted to \$71,468 and represented 0.6% of total revenues and other support (net of unrealized and realized gain on investments) for the year ended December 31, 2018. During the year ended December 31, 2017, revenues earned from grants amounted to \$661,746 and represented 5.6% of total revenues and other support (net of unrealized and realized gain on investments) for year ended December 31, 2017.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 10 – Commitment and Contingencies (continued)

Property Management

On December 28, 2018, YES 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: Apple Ridge Apartments LP, Brentwood Gardens Apartments LP, Mesa Del Norte Apartments LLP, Solar Villa Apartments LP LLLP, and Vista Grande Apartments LP.

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, 2018, net unrealized/realized gain of \$587,549, development fees of \$1,100,000, contribution revenue of \$250,000, property management fees of \$197,745 and additional smaller amounts have been eliminated.

Additionally, for the year ended December 31, 2018, YES's notes receivable from these partnerships \$15,234,054, development fees receivable \$2,975,357 and other receivables \$2,255,546 have also been eliminated. Additionally, equity investments of \$1,826,557; property, furniture and equipment of \$11,137,968; and various expense amounts attributable to the 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 investments of \$3,014,138; property, furniture and equipment of \$10,845,113; 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. and Affiliates

Notes to Consolidated Financial Statements

Note 12 – Investment in Casitas de Colores (continued)

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 (Note 4). 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, 2018 and 2017 was \$380,801 and \$338,390, respectively.

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.

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

Note 13 – Limited Partnership Purchases (continued)

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.

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%
	100%

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	100.00%

*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.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 13 – Limited Partnership Purchases (continued)

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.

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

Note 13 – Limited Partnership Purchases (continued)

Vista Grande Apartments LP

Vista Grande Apartments Limited Partnership, (Partnership) is a New Mexico Limited Partnership, which was formed on December 2, 2003 to acquire, construct, own, finance, lease and operate an apartment complex in Albuquerque, New Mexico. The Project consists of 96 units that are qualified as low-income housing units within the meaning of Section 42 of the Internal Revenue Code of 1986 (Code), as amended. The Partnership also complies with the Department of Housing and Urban Development's (HUD) reporting standards due to the Housing and Urban Development acting as a guarantor under Section 221(d)(4) of the National Housing Act for the mortgage due to Wells Fargo Multi-Family Capital.

The .01% general partner of Vista Grande Apartments Limited Partnership was YES Vista Grande, LLC (General Partner) and the 99.99% limited partner was NDC Corporate Equity Fund V, L.P. (Limited Partner). YES Vista Grande, LLC is owned by YES Housing, Inc. and is the sole member.

On December 31, 2018, YES Housing, Inc. exercised its right to acquire the limited partnership interest under the Partnership Agreement. An "Assignment and Assumption Agreement" was executed and the Withdrawing Limited Partner's (NDC) interest was redeemed by the Partnership and simultaneously reissued to YES Housing, Inc., sole member of the General Partner.

Nuevo Atrisco Apartments LP, LLLP

The Nuevo Atrisco Apartments LP, LLLP ("Nuevo Atrisco") 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 July 24, 2018 by and among YES Nuevo Atrisco, LLC, a New Mexico limited liability company, as sole general partner. On November 8, 2018, the City of Albuquerque deeded a piece of land to YES for Nuevo Atrisco Apartments LP, LLLP as part of a Development Agreement. YES contributed its interest in the land to Nuevo Atrisco Apartments LP, LLLP on November 13, 2018 for the purpose of building an eighty unity LIHTC multifamily apartment complex to include six live work units. At the time of the contribution, the land was valued by a third-party appraiser at \$600,000. In addition, YES Live Work LLC was formed as a limited liability company under the laws of the State of New Mexico for the purpose of purchasing, owning, holding, trading, developing, improving, managing, mortgaging, leasing or selling of real and personal property, on July 20, 2018, by and among YES Housing, Inc. This entity will own and operate six live work units. The project as a whole formed a condominium association to operate the project.

Note 14 – Net Assets Without Donor Restrictions

The Board of Directors has established a permanent fund with the objective of setting funds aside to be drawn down in the event of financial distress or an immediate liquidity need. They established a permanent fund investment policy that affects the presentation of board designation on net assets. Endowments without donor restrictions are designated for long-term investment (quasi-endowment). The quasi-endowment fund balance totaled \$2,945,360 and \$2,751,078 at December 31, 2018 and 2017, respectively.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 15 – Liquidity and Funds Available

The following table reflects YES's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, restricted trust assets, perpetual trusts held by others, endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve. These board designations could be drawn upon if the board approves that action.

	<u>2018</u>
Financial assets:	
Cash and cash equivalents	\$ 9,398,548
Accounts and contributions receivable	6,152,478
Investments	<u>9,485,857</u>
Total financial assets	<u>25,036,883</u>
Less those unavailable for general expenditure within one year, due to:	
Restricted cash and cash equivalents	(5,306,608)
Contributions and accounts receivable collectible beyond one year	(5,662,835)
Board designated reserves for future contingencies	<u>(3,035,886)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 11,031,554</u></u>

Supplementary Information

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position
December 31, 2018

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant	Charter School
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 77,858	\$ 40,405	\$ 2,058	\$ -	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	807,401	-	-	-	172,270	-	-
Accounts Receivable - Affiliates	-	-	-	427,956	-	-	-
Construction Costs Receivable	-	-	42,580	-	-	-	-
Rents and Miscellaneous Receivables	513	-	465	6,951	-	6,675	-
Prepaid Expenses and Deposits	3,591	-	14,631	2,749	4,475	-	1,899
Interfund Receivables	5,186	59,815	152	-	-	-	-
Total Current Assets	894,549	100,220	59,886	437,656	176,745	6,675	1,899
WORK IN PROGRESS	-	-	-	-	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	1,157,566	-	1,120,061	-	-	-	1,142,371
OTHER ASSETS							
Tax Credit Monitoring Fees, Net	-	-	-	-	-	-	-
Predevelopment Costs	-	-	846,119	-	-	-	-
Receivables - Affiliates	1,291,446	-	-	6,771	37,524	-	-
Notes Receivable - Affiliates	17,650,532	-	-	-	-	-	-
Notes Receivable	450,000	-	-	-	577,034	-	-
Investments in Limited Partnerships	388,924	-	-	-	-	-	-
Investments in Marketable Securities	9,485,857	-	-	-	-	-	-
Development Fees Receivable	1,875,357	-	1,100,000	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-
Restricted Investments (457(b) Plan)	602,728	-	-	-	-	-	-
Total Other Assets	31,744,844	-	1,946,119	6,771	614,558	-	-
Total Assets	\$ 33,796,959	\$ 100,220	\$ 3,126,066	\$ 444,427	\$ 791,303	\$ 6,675	\$ 1,144,270

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2018

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant	Charter School
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 100,000	\$ -	\$ 20,318	\$ -	\$ -	\$ -	\$ 25,197
Accrued Interest Payable	2,000	-	2,545	-	-	-	3,156
Accounts Payable	21,859	751	101,867	6,874	2,961	-	3,355
Accrued Salaries and Payroll Taxes	14,255	99,317	24,152	18,003	17,824	-	-
Tenant Prepaid Rent	-	-	-	-	-	-	9,340
Other Accrued Expenses	906	-	4,716	2,010	483	-	-
Security Deposits	1,495	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Interfund Payables	11,608	152	19,092	15,187	12,439	6,675	-
Total Current Liabilities	152,123	100,220	172,690	42,074	33,707	6,675	41,048
LONG-TERM LIABILITIES							
Due to Affiliates	-	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-	-
Development Fee Payable	-	-	-	-	-	-	-
Asset Management Fee Payable	-	-	-	-	-	-	-
Accrued Interest Payable - Long-Term	-	-	-	-	-	-	-
Pension Plan Liability	602,728	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	11,005,000	-	422,472	-	-	-	523,925
Total Long-Term Liabilities	11,607,728	-	422,472	-	-	-	523,925
Total Liabilities	11,759,851	100,220	595,162	42,074	33,707	6,675	564,973
NET ASSETS							
Net assets without donor restrictions	22,037,108	-	2,530,904	402,353	757,596	-	579,297
Capital Contribution	-	-	-	-	-	-	-
Partners' Capital (Deficit)	-	-	-	-	-	-	-
Net Assets Attributable to YES Housing, Inc. and Affiliates	22,037,108	-	2,530,904	402,353	757,596	-	579,297
Noncontrolling Interest	-	-	-	-	-	-	-
Total Net Assets	22,037,108	-	2,530,904	402,353	757,596	-	579,297
Total Liabilities and Net Assets	\$ 33,796,959	\$ 100,220	\$ 3,126,066	\$ 444,427	\$ 791,303	\$ 6,675	\$ 1,144,270

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2018

	La Hacienda LLC	Solar Villa Apartments	YES of Arizona, Inc.	Otero Village Apartments Limited Partnership	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 34,180	\$ -	\$ 307	\$ 4,686	\$ 62,386	\$ 30,839	\$ 118,669
Restricted Cash and Cash Equivalents	10,546	-	-	14,719	35,568	30,562	22,370
Accounts Receivable - Affiliates	-	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-	-
Rents and Miscellaneous Receivables	4,847	-	-	25,987	3,464	4,341	5,179
Prepaid Expenses and Deposits	11,947	-	-	12,169	31,326	16,713	10,608
Interfund Receivables	-	-	-	-	-	-	-
Total Current Assets	61,520	-	307	57,561	132,744	82,455	156,826
WORK IN PROGRESS	-	-	-	-	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	1,333,235	-	-	1,420,375	11,790,817	16,546,685	2,066,953
OTHER ASSETS							
Tax Credit Monitoring Fees, Net	-	-	-	-	58,775	114,582	-
Predevelopment Costs	-	-	180,451	-	-	-	-
Receivables - Affiliates	-	-	649,619	-	-	-	-
Notes Receivable - Affiliates	-	-	583,522	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-
Investments in Limited Partnerships	-	-	(1,864,073)	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	289,536	-	-	84,594	337,547	267,721	212,788
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	-
Total Other Assets	289,536	-	(450,481)	84,594	396,322	382,303	212,788
Total Assets	\$ 1,684,291	\$ -	\$ (450,174)	\$ 1,562,530	\$ 12,319,883	\$ 17,011,443	\$ 2,436,567

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2018

	La Hacienda LLC	Solar Villa Apartments	YES of Arizona, Inc.	Otero Village Apartments Limited Partnership	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ -	\$ -	\$ -	\$ 9,307	\$ 35,234	\$ 26,863	\$ 66,965
Accrued Interest Payable	-	-	-	4,120	7,114	7,142	10,075
Accounts Payable	3,443	-	-	27,278	8,838	1,889	14,183
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-
Tenant Prepaid Rent	6,677	-	-	5,057	7,781	5,379	2,111
Other Accrued Expenses	1,811	-	-	5,385	40,197	28,447	9,940
Security Deposits	8,561	-	-	12,483	19,873	17,065	15,316
Deferred revenue	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	-
Total Current Liabilities	20,492	-	-	63,630	119,037	86,785	118,590
LONG-TERM LIABILITIES							
Due to Affiliates	-	-	-	-	1,442,219	3,583,019	4,027
Deferred AHP Revenue	-	-	-	-	-	378,000	-
Development Fee Payable	-	-	-	-	22,532	185,425	-
Asset Management Fee Payable	-	-	-	-	-	34,977	-
Accrued Interest Payable - Long-Term	-	-	-	-	-	490,944	-
Pension Plan Liability	-	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	2,312,352	-	-	943,772	2,238,960	1,628,548	2,624,775
Total Long-Term Liabilities	2,312,352	-	-	943,772	3,703,711	6,300,913	2,628,802
Total Liabilities	2,332,844	-	-	1,007,402	3,822,748	6,387,698	2,747,392
NET ASSETS							
Net assets without donor restrictions	-	-	(450,174)	555,128	-	-	-
Capital Contribution	-	-	-	-	-	-	-
Partners' Capital (Deficit)	(648,553)	-	-	-	8,497,135	10,623,745	(310,825)
Net Assets Attributable to YES Housing, Inc. and Affiliates	(648,553)	-	(450,174)	555,128	8,497,135	10,623,745	(310,825)
Noncontrolling Interest	-	-	-	-	-	-	-
Total Net Assets	(648,553)	-	(450,174)	555,128	8,497,135	10,623,745	(310,825)
Total Liabilities and Net Assets	\$ 1,684,291	\$ -	\$ (450,174)	\$ 1,562,530	\$ 12,319,883	\$ 17,011,443	\$ 2,436,567

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2018

	Brentwood Gardens Apartments Limited Partnership	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.
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 117,665	\$ 130,941	\$ 425,195	\$ 629,904	\$ 8,553	\$ 116,988	\$ 76,234
Restricted Cash and Cash Equivalents	71,780	43,178	145,302	23,538	45,868	28,617	26,866
Accounts Receivable - Affiliates	-	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-	-
Rents and Miscellaneous Receivables	1,910	7,870	21,618	9,377	15,569	4,494	6,836
Prepaid Expenses and Deposits	-	2,022	83,902	16,573	24,496	17,214	21,613
Interfund Receivables	-	-	-	-	-	-	-
Total Current Assets	191,355	184,011	676,017	679,392	94,486	167,313	131,549
WORK IN PROGRESS	-	-	-	51,607	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	4,396,646	2,743,068	15,449,560	9,132,697	3,539,507	3,205,816	6,413,824
OTHER ASSETS							
Tax Credit Monitoring Fees, Net	-	-	13,403	55,344	3,876	-	21,370
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	585,643	490,297	387,271	800,545	223,288	390,685	113,872
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	-
Total Other Assets	585,643	490,297	400,674	855,889	227,164	390,685	135,242
Total Assets	\$ 5,173,644	\$ 3,417,376	\$ 16,526,251	\$ 10,719,585	\$ 3,861,157	\$ 3,763,814	\$ 6,680,615

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2018

	Brentwood Gardens Apartments Limited Partnership	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.
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 181,730	\$ 95,987	\$ 135,151	\$ 84,432	\$ 49,224	\$ 105,302	\$ 12,143
Accrued Interest Payable	28,319	15,206	126,743	6,615	4,410	17,654	4,461
Accounts Payable	323	3,452	3,297	3,629	57,778	56	5,034
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-
Tenant Prepaid Rent	2,876	9,308	12,387	2,662	4,239	805	3,931
Other Accrued Expenses	46,872	35,681	157,029	22,375	33,027	25,284	20,664
Security Deposits	31,714	16,974	59,062	12,593	27,854	20,437	18,534
Deferred revenue	-	110,574	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	-
Total Current Liabilities	<u>291,834</u>	<u>287,182</u>	<u>493,669</u>	<u>132,306</u>	<u>176,532</u>	<u>169,538</u>	<u>64,767</u>
LONG-TERM LIABILITIES							
Due to Affiliates	-	4,209	6,149,746	-	1,045,005	4,505	6,709
Deferred AHP Revenue	-	-	-	-	-	-	-
Development Fee Payable	-	-	2,380,216	-	-	-	-
Asset Management Fee Payable	-	-	212,463	26,131	-	-	5,000
Accrued Interest Payable - Long-Term	-	-	649,619	-	457,356	-	163,954
Pension Plan Liability	-	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	6,786,315	3,414,965	9,304,390	2,399,921	3,531,650	4,222,376	951,153
Total Long-Term Liabilities	<u>6,786,315</u>	<u>3,419,174</u>	<u>18,696,434</u>	<u>2,426,052</u>	<u>5,034,011</u>	<u>4,226,881</u>	<u>1,126,816</u>
Total Liabilities	7,078,149	3,706,356	19,190,103	2,558,358	5,210,543	4,396,419	1,191,583
NET ASSETS							
Net assets without donor restrictions	-	-	-	-	(1,349,386)	-	-
Capital Contribution	-	-	-	-	-	-	-
Partners' Capital (Deficit)	(1,904,505)	(288,980)	(2,663,852)	8,161,227	-	(632,605)	5,489,032
Net Assets Attributable to YES Housing, Inc. and Affiliates	(1,904,505)	(288,980)	(2,663,852)	8,161,227	(1,349,386)	(632,605)	5,489,032
Noncontrolling Interest	-	-	-	-	-	-	-
Total Net Assets	<u>(1,904,505)</u>	<u>(288,980)</u>	<u>(2,663,852)</u>	<u>8,161,227</u>	<u>(1,349,386)</u>	<u>(632,605)</u>	<u>5,489,032</u>
Total Liabilities and Net Assets	<u>\$ 5,173,644</u>	<u>\$ 3,417,376</u>	<u>\$ 16,526,251</u>	<u>\$ 10,719,585</u>	<u>\$ 3,861,157</u>	<u>\$ 3,763,814</u>	<u>\$ 6,680,615</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2018

	Mesa Del Norte Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Eliminations	Total
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 64,280	\$ 62,699	\$ 55,798	\$ 577,479	\$ -	\$ -	2,637,124
Restricted Cash and Cash Equivalents	15,731	17,574	10,306	23,146	-	-	1,545,342
Accounts Receivable - Affiliates	-	-	-	-	-	(427,956)	-
Construction Costs Receivable	-	-	-	-	-	(42,580)	-
Rents and Miscellaneous Receivables	822	9,048	4,465	9,977	-	-	150,408
Prepaid Expenses and Deposits	9,427	17,521	19,893	16,466	-	-	339,235
Interfund Receivables	-	-	-	-	-	(65,153)	-
Total Current Assets	90,260	106,842	90,462	627,068	-	(535,689)	4,672,109
WORK IN PROGRESS	-	-	-	-	-	-	51,607
PROPERTY, FURNITURE AND EQUIPMENT, NET	4,829,270	4,727,220	3,287,788	16,919,683	600,000	(11,137,968)	100,685,174
OTHER ASSETS							
Tax Credit Monitoring Fees, Net	25,160	22,801	6,820	86,750	-	-	408,881
Predevelopment Costs	-	-	-	-	-	(180,451)	846,119
Receivables - Affiliates	-	-	-	-	-	(1,604,559)	380,801
Notes Receivable - Affiliates	-	-	-	-	-	(15,234,054)	3,000,000
Notes Receivable	-	-	-	-	-	-	1,027,034
Investments in Limited Partnerships	-	-	-	-	-	1,826,557	351,408
Investments in Marketable Securities	-	-	-	-	-	-	9,485,857
Development Fees Receivable	-	-	-	-	-	(2,975,357)	-
Restricted Cash and Cash Equivalents	196,957	750,078	85,260	-	-	-	5,216,082
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	602,728
Total Other Assets	222,117	772,879	92,080	86,750	-	(18,167,864)	21,318,910
Total Assets	\$ 5,141,647	\$ 5,606,941	\$ 3,470,330	\$ 17,633,501	\$ 600,000	\$ (29,841,521)	\$ 126,727,800

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2018

	Mesa Del Norte Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Eliminations	Total
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 25,756	\$ 38,215	\$ 13,390	\$ 10,345,660	\$ -	\$ -	\$ 11,370,874
Accrued Interest Payable	3,162	2,926	4,378	34,326	-	-	284,352
Accounts Payable	27,138	1,186	2,931	307	-	(5,796)	292,633
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	173,551
Tenant Prepaid Rent	1,093	2,679	2,151	5,094	-	-	83,570
Other Accrued Expenses	-	38,022	27,820	1,188,809	-	(111,270)	1,578,208
Security Deposits	12,100	9,651	9,787	23,146	-	-	316,645
Deferred revenue	-	-	-	-	-	-	110,574
Interfund Payables	-	-	-	-	-	(65,153)	-
Total Current Liabilities	69,249	92,679	60,457	11,597,342	-	(182,219)	14,210,407
LONG-TERM LIABILITIES							
Due to Affiliates	10,796	-	164,515	2,400,000	-	(14,806,358)	8,392
Deferred AHP Revenue	252,000	-	-	-	-	(630,000)	-
Development Fee Payable	-	-	-	1,100,000	-	(2,975,357)	712,816
Asset Management Fee Payable	-	-	150,670	-	-	(408,509)	20,732
Accrued Interest Payable - Long-Term	15,456	-	285,030	-	-	(1,527,676)	534,683
Pension Plan Liability	-	-	-	-	-	-	602,728
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	1,279,981	1,367,522	1,359,918	790,000	-	-	57,107,995
Total Long-Term Liabilities	1,558,233	1,367,522	1,960,133	4,290,000	-	(20,347,900)	58,987,346
Total Liabilities	1,627,482	1,460,201	2,020,590	15,887,342	-	(20,530,119)	73,197,753
NET ASSETS							
Net assets without donor restrictions	-	-	-	-	-	(9,311,413)	15,751,413
Capital Contribution	-	-	-	1,496,285	600,000	(1,496,285)	600,000
Partners' Capital (Deficit)	3,514,165	4,146,740	1,449,740	249,874	-	(37,963,188)	(2,280,850)
Net Assets Attributable to YES Housing, Inc. and Affiliates	3,514,165	4,146,740	1,449,740	1,746,159	600,000	(48,770,886)	14,070,563
Noncontrolling Interest	-	-	-	-	-	39,459,484	39,459,484
Total Net Assets	3,514,165	4,146,740	1,449,740	1,746,159	600,000	(9,311,402)	53,530,047
Total Liabilities and Net Assets	\$ 5,141,647	\$ 5,606,941	\$ 3,470,330	\$ 17,633,501	\$ 600,000	\$ (29,841,521)	\$ 126,727,800

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
ASSETS						
CURRENT ASSETS						
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	<u>3,478,170</u>	<u>81,321</u>	<u>36,000</u>	<u>403,919</u>	<u>158,350</u>	<u>12,980</u>
WORK IN PROGRESS	-	-	-	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	1,183,005	-	1,120,189	-	-	-
OTHER ASSETS						
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	<u>29,327,727</u>	<u>-</u>	<u>501,766</u>	<u>-</u>	<u>645,940</u>	<u>-</u>
Total Assets	<u>\$ 33,988,902</u>	<u>\$ 81,321</u>	<u>\$ 1,657,955</u>	<u>\$ 403,919</u>	<u>\$ 804,290</u>	<u>\$ 12,980</u>

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
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
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
LONG-TERM LIABILITIES						
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
NET ASSETS						
Net assets without donor restrictions	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.
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ 22,562	\$ 2,835	\$ -	\$ 307
Restricted Cash and Cash Equivalents	-	-	15,265	-	-	-
Accounts Receivable - Affiliates	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-
Rents and Miscellaneous Receivables	-	-	1,949	-	-	106
Prepaid Expenses and Deposits	1,655	-	9,952	-	-	-
Interfund Receivables	-	-	-	-	-	-
Total Current Assets	1,655	-	49,728	2,835	-	413
WORK IN PROGRESS	-	-	-	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	1,181,899	-	1,425,757	-	-	-
OTHER ASSETS						
Tax Credit Monitoring Fees, Net	-	-	-	-	-	-
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	-	-	-
Restricted Investments (457(b) Plan)	-	-	-	-	-	-
Total Other Assets	-	-	284,696	-	-	2,221,107
Total Assets	\$ 1,183,554	\$ -	\$ 1,760,181	\$ 2,835	\$ -	\$ 2,221,520

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.
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Long-Term Debt - Current Maturities and Net of Unamortized Debt Issuance Costs	\$ 23,615	\$ -	-	\$ -	\$ -	\$ -
Accrued Interest Payable	3,156	-	-	-	-	-
Accounts Payable	3,355	-	1,715	782	-	-
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-
Tenant Prepaid Rent	-	-	86	-	-	-
Other Accrued Expenses	-	-	4,157	2,053	-	-
Security Deposits	-	-	9,937	-	-	-
Short-Term Promissory Notes Payable	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-
Interfund Payables	-	-	-	10,668	-	-
Total Current Liabilities	30,126	-	15,895	13,503	-	-
LONG-TERM LIABILITIES						
Due to Affiliates	-	-	-	-	-	2,819,731
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	549,518	-	2,315,448	-	-	-
Total Long-Term Liabilities	549,518	-	2,315,448	-	-	2,819,731
Total Liabilities	579,644	-	2,331,343	13,503	-	2,819,731
NET ASSETS						
Net assets without donor restrictions	603,910	-	-	(10,668)	-	(598,211)
Capital Contribution	-	-	-	-	-	-
Partners' Capital (Deficit)	-	-	(571,162)	-	-	-
Net Assets Attributable to YES Housing, Inc. and Affiliates	603,910	-	(571,162)	(10,668)	-	(598,211)
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	603,910	-	(571,162)	(10,668)	-	(598,211)
Total Liabilities and Net Assets	\$ 1,183,554	\$ -	\$ 1,760,181	\$ 2,835	\$ -	\$ 2,221,520

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

	Otero Village Apartments Limited Partnership	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 7,654	\$ 4,538	\$ 78,347	\$ 36,096	\$ 106,948	\$ 117,150
Restricted Cash and Cash Equivalents	22,722	80,548	46,973	47,960	142,037	68,171
Accounts Receivable - Affiliates	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-
Rents and Miscellaneous Receivables	3,156	2,093	4,240	8,788	3,221	12,856
Prepaid Expenses and Deposits	10,712	28,560	13,826	9,325	18,099	14,263
Interfund Receivables	-	-	-	-	-	-
Total Current Assets	<u>44,244</u>	<u>115,739</u>	<u>143,386</u>	<u>102,169</u>	<u>270,305</u>	<u>212,440</u>
WORK IN PROGRESS	-	-	-	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	1,411,397	12,206,274	17,022,544	2,157,899	4,527,847	2,836,832
OTHER ASSETS						
Tax Credit Monitoring Fees, Net	-	63,639	78,075	-	-	-
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	34,750	314,977	428,826	235,934	558,467	390,867
Restricted Investments (457(b) Plan)	-	-	-	-	-	-
Total Other Assets	<u>34,750</u>	<u>378,616</u>	<u>506,901</u>	<u>235,934</u>	<u>558,467</u>	<u>390,867</u>
Total Assets	<u>\$ 1,490,391</u>	<u>\$ 12,700,629</u>	<u>\$ 17,672,831</u>	<u>\$ 2,496,002</u>	<u>\$ 5,356,619</u>	<u>\$ 3,440,139</u>

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

	Otero Village Apartments Limited Partnership	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Long-Term Debt - Current Maturities and Net of Unamortized Debt Issuance Costs	8,603	\$ 34,229	\$ 26,638	\$ 64,230	\$ 173,412	\$ 91,344
Accrued Interest Payable	4,176	7,192	-	10,303	29,010	15,591
Accounts Payable	1,668	35,297	965	3,466	512	2,819
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-
Tenant Prepaid Rent	1,391	1,415	5,068	-	3,322	2,412
Other Accrued Expenses	5,939	41,801	22,341	28,558	48,907	38,033
Security Deposits	17,186	16,260	17,865	14,272	30,106	18,142
Short-Term Promissory Notes Payable	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-
Total Current Liabilities	<u>38,963</u>	<u>136,194</u>	<u>72,877</u>	<u>120,829</u>	<u>285,269</u>	<u>168,341</u>
LONG-TERM LIABILITIES						
Due to Affiliates	-	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	<u>951,478</u>	<u>2,272,861</u>	<u>1,607,630</u>	<u>2,671,323</u>	<u>6,951,357</u>	<u>3,499,479</u>
Total Long-Term Liabilities	<u>951,478</u>	<u>3,737,612</u>	<u>6,347,459</u>	<u>2,671,323</u>	<u>6,951,357</u>	<u>3,499,479</u>
Total Liabilities	990,441	3,873,806	6,420,336	2,792,152	7,236,626	3,667,820
NET ASSETS						
Net assets without donor restrictions	-	-	-	-	-	-
Capital Contribution	-	9,778,615	12,569,500	860,941	2,019,099	1,968,913
Partners' Capital (Deficit)	<u>499,950</u>	<u>(951,792)</u>	<u>(1,317,005)</u>	<u>(1,157,091)</u>	<u>(3,899,106)</u>	<u>(2,196,594)</u>
Net Assets Attributable to YES Housing, Inc. and Affiliates	499,950	8,826,823	11,252,495	(296,150)	(1,880,007)	(227,681)
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	<u>499,950</u>	<u>8,826,823</u>	<u>11,252,495</u>	<u>(296,150)</u>	<u>(1,880,007)</u>	<u>(227,681)</u>
Total Liabilities and Net Assets	<u>\$ 1,490,391</u>	<u>\$ 12,700,629</u>	<u>\$ 17,672,831</u>	<u>\$ 2,496,002</u>	<u>\$ 5,356,619</u>	<u>\$ 3,440,139</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (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.
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 128,571	\$ 533,678	\$ 8,571	\$ 77,827	\$ 64,022
Restricted Cash and Cash Equivalents	104,572	35,064	45,948	57,233	30,075
Accounts Receivable - Affiliates	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-
Rents and Miscellaneous Receivables	13,037	8,565	9,417	10,581	5,553
Prepaid Expenses and Deposits	73,091	13,612	24,554	16,448	18,477
Interfund Receivables	-	-	-	-	-
Total Current Assets	319,271	590,919	88,490	162,089	118,127
WORK IN PROGRESS	-	26,283	-	19,026	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	15,986,854	9,553,191	3,649,783	3,342,870	6,733,072
OTHER ASSETS					
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	337,032	782,607	164,718	405,749	121,274
Restricted Investments (457(b) Plan)	-	-	-	-	-
Total Other Assets	355,375	842,982	164,718	405,749	147,077
Total Assets	\$ 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

	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.
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 155,478	\$ 82,408	\$ 47,861	\$ 100,482	\$ 11,220
Accrued Interest Payable	48,189	6,782	4,523	18,054	4,521
Accounts Payable	5,585	1,475	6,222	934	570
Accrued Salaries and Payroll Taxes	-	-	-	-	-
Tenant Prepaid Rent	11,979	1,046	6,227	985	770
Other Accrued Expenses	142,424	20,463	34,433	42,326	47,908
Security Deposits	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	<u>416,864</u>	<u>125,445</u>	<u>125,114</u>	<u>196,577</u>	<u>85,469</u>
LONG-TERM LIABILITIES					
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	9,392,023	2,484,728	3,568,736	4,315,278	962,176
Total Long-Term Liabilities	<u>18,762,963</u>	<u>2,512,787</u>	<u>5,776,837</u>	<u>4,315,278</u>	<u>1,108,592</u>
Total Liabilities	19,179,827	2,638,232	5,901,951	4,511,855	1,194,061
NET ASSETS					
Net assets without donor restrictions	-	-	-	-	-
Capital Contribution	-	500,689	-	2,181,349	-
Partners' Capital (Deficit)	<u>(2,518,327)</u>	<u>7,874,454</u>	<u>(1,998,960)</u>	<u>(2,763,470)</u>	<u>5,804,215</u>
Net Assets Attributable to YES Housing, Inc. and Affiliates	(2,518,327)	8,375,143	(1,998,960)	(582,121)	5,804,215
Noncontrolling Interest	-	-	-	-	-
Total Net Assets	<u>(2,518,327)</u>	<u>8,375,143</u>	<u>(1,998,960)</u>	<u>(582,121)</u>	<u>5,804,215</u>
Total Liabilities and Net Assets	<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

	Mesa Del Norte Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P.	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 51,056	\$ 94,867	\$ 3,011	\$ 71,402	\$ -	\$ 3,380,727
Restricted Cash and Cash Equivalents	16,292	18,614	32,002	23,500	-	2,382,075
Accounts Receivable - Affiliates	-	-	-	-	(440,424)	-
Construction Costs Receivable	-	-	-	-	-	30,917
Rents and Miscellaneous Receivables	318	13,530	7,730	12,086	-	143,722
Prepaid Expenses and Deposits	8,438	14,183	18,326	2,402	-	329,089
Interfund Receivables	-	-	-	-	(73,353)	-
Total Current Assets	76,104	141,194	61,069	109,390	(513,777)	6,266,530
WORK IN PROGRESS	-	-	-	1,232,466	(400,000)	877,775
PROPERTY, FURNITURE AND EQUIPMENT, NET	5,046,425	4,917,830	3,407,235	4,700,000	(10,845,113)	91,565,790
OTHER ASSETS						
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	109,713	-	-	5,072,971
Restricted Investments (457(b) Plan)	-	-	-	-	-	591,760
Total Other Assets	212,004	744,769	118,209	-	(16,703,650)	21,374,004
Total Assets	\$ 5,334,533	\$ 5,803,793	\$ 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, LLLP	Roswell Summit Apartments Apartments L.P.	Solar Villa Apartments Apartments L.P.	Eliminations	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 24,895	\$ 37,056	\$ 12,612	\$ 4,017,466	\$ -	\$ 4,930,591
Accrued Interest Payable	3,225	3,972	4,420	-	-	165,659
Accounts Payable	1,587	930	9,202	1,862	-	151,547
Accrued Salaries and Payroll Taxes	-	-	-	-	-	121,252
Tenant Prepaid Rent	1,638	145	668	3,351	-	40,503
Other Accrued Expenses	38,203	39,588	28,700	4,550	(105,501)	507,451
Security Deposits	11,742	9,551	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	65,291	4,050,729	(178,854)	6,241,857
LONG-TERM LIABILITIES						
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	1,388,485	1,515,000	-	56,300,237
Total Long-Term Liabilities	1,568,033	1,403,511	1,938,785	1,515,000	(20,052,711)	58,432,349
Total Liabilities	1,649,323	1,494,753	2,004,076	5,565,729	(20,231,565)	64,674,206
NET ASSETS						
Net assets without donor restrictions	-	-	-	-	(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	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	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	1,582,437	476,127	(8,230,975)	55,409,893
Total Liabilities and Net Assets	\$ 5,334,533	\$ 5,803,793	\$ 3,586,513	\$ 6,041,856	\$ (28,462,540)	\$ 120,084,099

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities
December 31, 2018

	General Fund	Payroll	Development Services	Asset Management	Social Services
REVENUES AND OTHER SUPPORT					
Rent	\$ 15,747	\$ -	\$ -	\$ -	\$ -
Contribution Revenue	-	-	600,000	-	10,495
Grant Revenue	-	-	-	-	-
Development Fees	-	-	1,100,000	-	-
Interest	1,145,110	-	18	-	9,217
Net Unrealized/Realized Gain (Loss) on Investments	(147,411)	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-
Other Revenue	12,375	-	-	-	46,568
Property Management Fees	-	-	-	197,745	-
Construction Management Fees	-	-	65,000	-	-
Operating Transfers, Net	7,255	-	1,233,814	673,851	247,509
Total Revenue and Other Support	1,033,076	-	2,998,832	871,596	313,789
PERSONNEL EXPENSES					
Salaries and Wages	372,326	-	606,767	450,663	157,303
Payroll Taxes	27,053	-	43,252	34,688	12,090
Employee Benefits	132,975	-	184,173	185,582	55,629
Total Personnel Expenses	532,354	-	834,192	670,933	225,022
OTHER EXPENSES					
Depreciation and Amortization	109,313	-	1,596	-	-
Donations Expense	271,072	-	-	-	-
Duplication and Publishing	340	-	338	391	521
Equipment	997	-	4,829	6,354	1,937
Insurance	7,906	-	11,042	6,378	5,668
Interest	8,000	-	29,816	-	-
Loss on Disposal of Assets	-	-	-	21,336	-
Other Expenses	94,523	-	97,052	31,471	31,232
Predevelopment/Development Costs	-	-	-	-	-
Professional Fees	35,371	-	68,024	55,402	29,363
Property Management	162	-	4,114	7,534	1,892
Property Taxes	(900)	-	11,322	5,095	1,583
Rent	-	-	4,800	-	-
Repairs and Maintenance	4,466	-	13,738	6,264	1,020
Social Services	-	-	-	-	-
Telephone and Utilities	4,981	-	14,727	19,575	4,396
Training	1,605	-	2,904	2,103	1,679
Travel	162	-	12,754	4,094	1,869
Operating Transfers, Net	1,640,927	-	493,584	-	26,194
Total Other Expenses	2,178,925	-	770,640	165,997	107,354
Total Expenses	2,711,279	-	1,604,832	836,930	332,376
CHANGE IN NET ASSETS					
	(1,678,203)	-	1,394,000	34,666	(18,587)
Net Assets and Partners' Capital - Beginning of Year	24,628,031	-	1,136,904	367,687	776,183
Capital Contributions	(912,720)	-	-	-	-
Distributions	-	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR					
	\$ 22,037,108	\$ -	\$ 2,530,904	\$ 402,353	\$ 757,596

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2018

	Solar Villas Brentwood Gardens Grant	Charter School	La Hacienda LLC	Solar Villa Apartments	YES of Arizona, Inc.	Otero Village Apartments Limited Partnership
REVENUES AND OTHER SUPPORT						
Rent	\$ -	\$ 109,398	\$ 131,976	\$ -	\$ -	\$ 211,937
Contribution Revenue	-	-	-	-	250,000	-
Grant Revenue	71,468	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Interest	-	-	447	-	-	70
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	(101,857)	-
Net realized gain on capital investments	-	-	-	10,668	-	38,228
Other Revenue	-	-	1,281	-	-	5,716
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	243	38,157	-
Total Revenue and Other Support	71,468	109,398	133,704	10,911	186,300	255,951
PERSONNEL EXPENSES						
Salaries and Wages	47,639	-	30,262	-	-	55,297
Payroll Taxes	-	-	2,615	-	-	6,343
Employee Benefits	17,254	-	1,888	-	-	-
Total Personnel Expenses	64,893	-	34,765	-	-	61,640
OTHER EXPENSES						
Depreciation and Amortization	-	46,139	98,678	-	-	108,214
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	-	2,035	12,308	-	-	10,224
Interest	-	38,797	-	-	-	49,756
Loss on Disposal of Assets	-	-	707	-	-	-
Other Expenses	4,524	10	8,817	-	2,628	22,239
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	-	436	4,345	-	32,143	3,559
Property Management	-	-	19,500	-	-	14,529
Property Taxes	-	6,713	3,622	-	-	10,770
Rent	-	-	-	-	-	-
Repairs and Maintenance	-	-	12,994	-	-	27,363
Social Services	-	-	-	-	-	-
Telephone and Utilities	-	-	15,359	-	-	28,411
Training	755	-	-	-	1,283	435
Travel	1,296	-	-	-	2,209	-
Operating Transfers, Net	-	39,881	-	243	-	-
Total Other Expenses	6,575	134,011	176,330	243	38,263	275,500
Total Expenses	71,468	134,011	211,095	243	38,263	337,140
CHANGE IN NET ASSETS	-	(24,613)	(77,391)	10,668	148,037	(81,189)
Net Assets and Partners' Capital - Beginning of Year	-	603,910	(571,162)	(10,668)	(598,211)	499,950
Capital Contributions	-	-	-	-	-	136,367
Distributions	-	-	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ -</u>	<u>\$ 579,297</u>	<u>\$ (648,553)</u>	<u>\$ -</u>	<u>\$ (450,174)</u>	<u>\$ 555,128</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2018

	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
REVENUES AND OTHER SUPPORT					
Rent	\$ 510,227	\$ 454,460	\$ 543,704	\$ 1,155,487	\$ 740,361
Contribution Revenue	-	-	-	-	-
Grant Revenue	-	-	50,564	-	58,535
Development Fees	-	-	-	-	-
Interest	336	256	278	-	335
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-
Other Revenue	17,159	16,920	1,391	5,061	4,503
Property Management Fees	-	-	-	-	-
Construction Management Fees	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-
Total Revenue and Other Support	<u>527,722</u>	<u>471,636</u>	<u>595,937</u>	<u>1,160,548</u>	<u>803,734</u>
PERSONNEL EXPENSES					
Salaries and Wages	77,661	42,787	48,509	86,389	50,382
Payroll Taxes	21,899	30,554	14,340	27,817	15,180
Employee Benefits	-	-	-	-	-
Total Personnel Expenses	<u>99,560</u>	<u>73,341</u>	<u>62,849</u>	<u>114,206</u>	<u>65,562</u>
OTHER EXPENSES					
Depreciation and Amortization	431,770	495,367	110,747	222,545	146,090
Donations Expense	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-
Equipment	-	-	-	-	-
Insurance	25,693	38,194	11,447	19,484	18,647
Interest	95,498	234,269	140,270	353,857	192,590
Loss on Disposal of Assets	-	-	496	1,175	-
Other Expenses	27,448	23,087	9,749	30,007	19,400
Predevelopment/Development Costs	-	-	-	-	-
Professional Fees	23,046	18,899	10,064	14,981	9,822
Property Management	28,973	39,963	33,475	93,408	44,086
Property Taxes	27,694	12,276	17,928	55,423	27,982
Rent	-	-	-	-	-
Repairs and Maintenance	58,141	104,674	27,425	81,480	45,703
Social Services	1,106	-	50,564	6,053	64,982
Telephone and Utilities	37,528	60,135	32,315	56,188	43,014
Training	617	181	721	1,058	1,138
Travel	336	-	-	378	-
Operating Transfers, Net	-	-	-	-	-
Total Other Expenses	<u>757,850</u>	<u>1,027,045</u>	<u>445,201</u>	<u>936,037</u>	<u>613,454</u>
Total Expenses	<u>857,410</u>	<u>1,100,386</u>	<u>508,050</u>	<u>1,050,243</u>	<u>679,016</u>
CHANGE IN NET ASSETS	(329,688)	(628,750)	87,887	110,305	124,718
Net Assets and Partners' Capital - Beginning of Year	8,826,823	11,252,495	(296,150)	(1,880,007)	(227,681)
Capital Contributions	-	-	-	-	-
Distributions	-	-	(102,562)	(134,803)	(186,017)
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 8,497,135</u>	<u>\$ 10,623,745</u>	<u>\$ (310,825)</u>	<u>\$ (1,904,505)</u>	<u>\$ (288,980)</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2018

	Los Tres Apartments L.P.	Gallup Sunset Hills Apartments Limited Partnership	Vista Grande Limited Partnership	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Mesa Del Norte Apartments Limited Partnership
REVENUES AND OTHER SUPPORT						
Rent	\$ 2,744,786	\$ 498,653	\$ 737,583	\$ 803,179	\$ 401,045	\$ 293,078
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	-	52,455	-	59,379	-	-
Development Fees	-	-	-	-	-	-
Interest	22	725	59	-	183	114
Net Unrealized/Realized Gain (Loss)						
on Investments	-	-	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-	-
Other Revenue	66,681	5,737	10,592	4,876	10,037	6,066
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	<u>2,811,489</u>	<u>557,570</u>	<u>748,234</u>	<u>867,434</u>	<u>411,265</u>	<u>299,258</u>
PERSONNEL EXPENSES						
Salaries and Wages	364,699	58,434	111,001	65,241	72,371	59,367
Payroll Taxes	111,405	1,175	36,150	20,896	11,062	19,519
Employee Benefits	-	2,958	-	-	-	-
Total Personnel Expenses	<u>476,104</u>	<u>62,567</u>	<u>147,151</u>	<u>86,137</u>	<u>83,433</u>	<u>78,886</u>
OTHER EXPENSES						
Depreciation and Amortization	674,683	426,922	185,952	181,272	338,490	223,251
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	55,287	16,227	24,248	17,969	22,799	9,458
Interest	426,180	52,904	183,578	222,424	72,530	43,535
Loss on Disposal of Assets	13,172	-	2,980	537	619	-
Other Expenses	95,602	19,120	50,342	17,352	26,171	7,370
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	19,315	11,254	17,667	9,034	16,453	11,915
Property Management	152,090	57,610	50,115	43,407	38,702	26,393
Property Taxes	152,670	28,208	25,384	20,554	15,031	18,614
Rent	-	-	-	-	-	-
Repairs and Maintenance	358,449	20,304	100,404	62,432	49,258	12,723
Social Services	-	52,455	-	65,431	6,000	5,570
Telephone and Utilities	531,503	21,728	154,446	44,438	55,512	31,457
Training	1,952	-	2,615	903	-	606
Travel	7	2,187	22	326	1,125	525
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	<u>2,480,910</u>	<u>708,919</u>	<u>797,753</u>	<u>686,079</u>	<u>642,690</u>	<u>391,417</u>
Total Expenses	<u>2,957,014</u>	<u>771,486</u>	<u>944,904</u>	<u>772,216</u>	<u>726,123</u>	<u>470,303</u>
CHANGE IN NET ASSETS	(145,525)	(213,916)	(196,670)	95,218	(314,858)	(171,045)
Net Assets and Partners' Capital - Beginning of Year	(2,518,327)	8,375,143	(1,998,960)	(582,121)	5,804,215	3,685,210
Capital Contributions	-	-	846,244	-	-	-
Distributions	-	-	-	(145,702)	(325)	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ (2,663,852)</u>	<u>\$ 8,161,227</u>	<u>\$ (1,349,386)</u>	<u>\$ (632,605)</u>	<u>\$ 5,489,032</u>	<u>\$ 3,514,165</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2018

	YES Deming Mountain View Apartments, LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Eliminations	Total
REVENUES AND OTHER SUPPORT						
Rent	\$ 345,784	\$ 359,304	\$ 588,648	\$ -	\$ -	\$ 10,645,357
Contribution Revenue	-	-	-	-	(250,000)	610,495
Grant Revenue	73,490	34,171	-	-	-	400,062
Development Fees	-	-	-	-	(1,100,000)	-
Interest	1,019	125	-	-	(240,256)	918,058
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	(249,268)
Net realized gain on capital investments	-	-	-	-	(587,549)	(538,653)
Other Revenue	241	2,929	11,689	-	(36,000)	193,822
Property Management Fees	-	-	-	-	(197,745)	-
Construction Management Fees	-	-	-	-	(65,000)	-
Operating Transfers, Net	-	-	-	-	(2,200,829)	-
Total Revenue and Other Support	<u>420,534</u>	<u>396,529</u>	<u>600,337</u>	<u>-</u>	<u>(4,677,379)</u>	<u>11,979,873</u>
PERSONNEL EXPENSES						
Salaries and Wages	58,658	48,680	121,503	-	-	2,985,939
Payroll Taxes	18,421	10,176	-	-	-	464,635
Employee Benefits	-	-	-	-	-	580,459
Total Personnel Expenses	<u>77,079</u>	<u>58,856</u>	<u>121,503</u>	<u>-</u>	<u>-</u>	<u>4,031,033</u>
OTHER EXPENSES						
Depreciation and Amortization	201,945	149,015	110,255	-	(1,272,152)	2,990,092
Donations Expense	-	-	-	-	(250,000)	21,072
Duplication and Publishing	-	-	-	-	-	1,590
Equipment	-	-	-	-	-	14,117
Insurance	17,608	19,461	15,402	-	-	367,485
Interest	38,328	93,214	301,302	-	(240,256)	2,336,592
Loss on Disposal of Assets	-	-	-	-	-	41,022
Other Expenses	26,330	15,918	21,360	-	-	681,752
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	11,673	11,392	56,925	-	-	471,083
Property Management	45,583	65,768	45,915	-	(140,817)	672,402
Property Taxes	13,206	14,693	-	-	-	467,868
Rent	-	-	-	-	-	4,800
Repairs and Maintenance	31,295	38,188	56,549	-	-	1,112,870
Social Services	73,490	40,171	5,659	-	(36,000)	335,481
Telephone and Utilities	10,714	20,379	90,958	-	-	1,277,764
Training	1,138	1,228	762	-	-	23,683
Travel	-	943	-	-	-	28,233
Operating Transfers, Net	-	-	-	-	(2,200,829)	-
Total Other Expenses	<u>471,310</u>	<u>470,370</u>	<u>705,087</u>	<u>-</u>	<u>(4,140,054)</u>	<u>10,847,906</u>
Total Expenses	<u>548,389</u>	<u>529,226</u>	<u>826,590</u>	<u>-</u>	<u>(4,140,054)</u>	<u>14,878,939</u>
CHANGE IN NET ASSETS	(127,855)	(132,697)	(226,253)	-	(537,325)	(2,899,066)
Net Assets and Partners' Capital - Beginning of Year	4,309,040	1,582,437	476,127	-	(8,230,975)	55,409,893
Capital Contributions	-	-	1,496,285	600,000	(600,003)	1,566,173
Distributions	(34,445)	-	-	-	56,901	(546,953)
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 4,146,740</u>	<u>\$ 1,449,740</u>	<u>\$ 1,746,159</u>	<u>\$ 600,000</u>	<u>\$ (9,311,402)</u>	<u>\$ 53,530,047</u>

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

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
REVENUES AND OTHER SUPPORT						
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
PERSONNEL EXPENSES						
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
OTHER EXPENSES						
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
CHANGE IN NET ASSETS	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)	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<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	YES of Arizona, Inc.
REVENUES AND OTHER SUPPORT						
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	-	-	-	-	-	(184,898)
Other Revenue	-	-	4,474	2,428	-	-
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	78,030
Total Revenue and Other Support	<u>103,962</u>	<u>59,208</u>	<u>135,260</u>	<u>780,028</u>	<u>6,750</u>	<u>(106,868)</u>
PERSONNEL EXPENSES						
Salaries and Wages	-	-	27,614	79,788	-	-
Payroll Taxes	-	-	3,408	30,915	-	-
Employee Benefits	-	-	6,140	-	-	-
Total Personnel Expenses	<u>-</u>	<u>-</u>	<u>37,162</u>	<u>110,703</u>	<u>-</u>	<u>-</u>
OTHER EXPENSES						
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	-	1,590
Predevelopment/Development Costs	-	-	-	-	-	116,089
Professional Fees	-	-	2,809	(9,326)	305	12,239
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	-	420
Travel	-	-	495	-	-	9,734
Operating Transfers, Net	17,915	196,069	-	-	5,520	-
Total Other Expenses	<u>122,246</u>	<u>256,488</u>	<u>178,314</u>	<u>1,001,131</u>	<u>129,783</u>	<u>140,072</u>
Total Expenses	<u>122,246</u>	<u>256,488</u>	<u>215,476</u>	<u>1,111,834</u>	<u>129,783</u>	<u>140,072</u>
CHANGE IN NET ASSETS	(18,284)	(197,280)	(80,216)	(331,806)	(123,033)	(246,940)
Net Assets and Partners' Capital - Beginning of Year	622,194	197,280	(490,946)	321,138	123,033	(351,271)
Capital Contributions	-	-	-	-	-	-
Distributions	-	-	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 603,910</u>	<u>\$ -</u>	<u>\$ (571,162)</u>	<u>\$ (10,668)</u>	<u>\$ -</u>	<u>\$ (598,211)</u>

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

	Otero Village Apartments Limited Partnership	New Leaf Community Limited Partnership	UR 205 Silver LLC (Imperial)	Wildewood Apartments Limited Partnership	Brentwood Gardens Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership
REVENUES AND OTHER SUPPORT						
Rent, Net	\$ 217,606	\$ 369,733	\$ 463,006	\$ 537,138	\$ 1,135,674	\$ 731,155
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	-	-	-	48,177	-	54,799
Development Fees	-	-	-	-	-	-
Interest	46	327	51	18	14	8
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net Realized Gain (Loss) on Capital Investments	-	-	-	-	-	-
Other Revenue	269,459	17,114	40,420	2,649	5,346	4,878
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	487,111	387,174	503,477	587,982	1,141,034	790,840
PERSONNEL EXPENSES						
Salaries and Wages	41,560	94,727	96,244	53,451	98,353	37,685
Payroll Taxes	13,468	-	31,760	26,368	32,004	51,768
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	55,028	94,727	128,004	79,819	130,357	89,453
OTHER EXPENSES						
Depreciation and Amortization	114,798	430,789	494,400	103,485	218,499	155,178
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	10,124	25,003	25,874	8,735	20,657	22,422
Interest	50,411	87,173	289,882	142,303	369,972	180,375
(Gain) Loss on Disposal of Assets	628	-	-	454	134,958	104,626
Other Expenses	24,758	36,193	25,071	18,379	33,873	12,651
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	1,913	26,973	16,535	17,117	20,588	13,930
Property Management	13,335	23,143	38,291	33,386	64,470	42,006
Property Taxes	10,126	43,939	7,500	17,246	55,642	25,800
Rent	-	-	-	-	-	-
Repairs and Maintenance	11,352	48,103	41,096	42,055	77,214	41,708
Social Services	-	-	-	49,107	6,142	61,943
Telephone and Utilities	25,751	38,362	57,838	31,579	56,656	39,325
Training	3,130	8,173	310	5,197	1,520	4,915
Travel	813	11,734	-	-	81	100
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	267,139	779,585	996,797	469,043	1,060,272	704,979
Total Expenses	322,167	874,312	1,124,801	548,862	1,190,629	794,432
CHANGE IN NET ASSETS	164,944	(487,138)	(621,324)	39,120	(49,595)	(3,592)
Net Assets and Partners' Capital - Beginning of Year	335,006	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)
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 499,950</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.
REVENUES AND OTHER SUPPORT					
Rent, Net	\$ 2,511,354	\$ 498,299	\$ 741,706	\$ 787,862	\$ 397,437
Contribution Revenue	-	-	-	-	-
Grant Revenue	-	51,422	-	60,312	-
Development Fees	-	-	-	-	-
Interest	957	207	27	5	154
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
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
PERSONNEL EXPENSES					
Salaries and Wages	368,250	41,390	108,374	66,133	48,409
Payroll Taxes	112,418	1,355	35,811	21,824	17,066
Employee Benefits	-	11,723	-	-	-
Total Personnel Expenses	480,668	54,468	144,185	87,957	65,475
OTHER EXPENSES					
Depreciation and Amortization	672,374	427,737	175,858	179,464	315,592
Donations Expense	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-
Equipment	-	-	-	-	-
Insurance	47,212	16,137	24,851	18,222	22,422
Interest	362,302	51,410	206,948	223,208	71,515
(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
Predevelopment/Development Costs	-	-	-	-	-
Professional Fees	31,722	11,717	16,089	14,957	11,140
Property Management	145,187	56,828	51,150	42,439	33,748
Property Taxes	144,020	30,977	24,569	19,701	22,325
Rent	-	-	-	-	-
Repairs and Maintenance	333,578	20,557	85,136	48,259	32,679
Social Services	-	53,042	-	66,480	6,174
Telephone and Utilities	549,602	25,159	165,088	47,889	54,834
Training	3,619	-	1,382	841	3,651
Travel	35	249	18	566	1,364
Operating Transfers, Net	-	-	-	-	-
Total Other Expenses	2,403,815	711,666	803,560	785,691	526,320
Total Expenses	2,884,483	766,134	947,745	873,648	591,795
CHANGE IN NET ASSETS	(264,167)	(209,894)	(202,412)	(20,007)	(184,035)
Net Assets and Partners' Capital - Beginning of Year	(2,254,160)	8,585,037	(1,796,548)	1,237,288	5,988,250
Capital Contributions	-	-	-	2,181,349	-
Distributions	-	-	-	(3,980,751)	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	\$ (2,518,327)	\$ 8,375,143	\$ (1,998,960)	\$ (582,121)	\$ 5,804,215

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

	Mesa Del Norte Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P.	Eliminations	Total
REVENUES AND OTHER SUPPORT						
Rent, Net	\$ 293,967	\$ 356,996	\$ 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	62	45	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	5,585	3,005	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	<u>299,614</u>	<u>431,853</u>	<u>385,300</u>	<u>125,686</u>	<u>(5,858,399)</u>	<u>18,966,404</u>
PERSONNEL EXPENSES						
Salaries and Wages	68,971	31,276	53,889	9,127	-	2,855,008
Payroll Taxes	22,761	10,617	24,292	-	-	568,345
Employee Benefits	-	-	-	-	-	525,396
Total Personnel Expenses	<u>91,732</u>	<u>41,893</u>	<u>78,181</u>	<u>9,127</u>	<u>-</u>	<u>3,948,749</u>
OTHER EXPENSES						
Depreciation and Amortization	222,122	200,685	128,265	-	(316,444)	3,905,207
Donations Expense	-	-	-	-	-	6,306
Duplication and Publishing	-	-	-	-	-	3,552
Equipment	-	-	-	-	-	33,545
Insurance	9,253	17,172	18,176	-	-	343,039
Interest	44,282	39,233	91,574	1,890	(146,074)	2,398,328
(Gain) Loss on Disposal of Assets	-	-	516	-	(1,707,740)	(919,842)
Other Expenses	7,835	19,290	60,734	2,286	-	569,370
Predevelopment/Development Costs	-	-	-	-	-	144,538
Professional Fees	11,565	11,640	11,140	391	-	386,202
Property Management	26,396	44,180	63,664	6,918	(77,420)	710,241
Property Taxes	18,292	12,486	14,198	-	-	472,295
Rent	-	-	-	-	-	59,333
Repairs and Maintenance	14,907	37,632	29,060	10,758	-	994,171
Social Services	5,500	71,807	35,761	1,000	(33,500)	421,672
Telephone and Utilities	32,538	10,743	21,382	16,689	-	1,363,855
Training	290	4,621	4,592	500	-	58,797
Travel	548	-	1,644	-	-	48,675
Operating Transfers, Net	-	-	-	-	(3,093,584)	-
Total Other Expenses	<u>393,528</u>	<u>469,489</u>	<u>480,706</u>	<u>40,432</u>	<u>(5,374,762)</u>	<u>10,999,284</u>
Total Expenses	<u>485,260</u>	<u>511,382</u>	<u>558,887</u>	<u>49,559</u>	<u>(5,374,762)</u>	<u>14,948,033</u>
CHANGE IN NET ASSETS	(185,646)	(79,529)	(173,587)	76,127	(483,637)	4,018,371
Net Assets and Partners' Capital - Beginning of Year	3,870,856	4,396,390	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)
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 3,685,210</u>	<u>\$ 4,309,040</u>	<u>\$ 1,582,437</u>	<u>\$ 476,127</u>	<u>\$ (8,230,975)</u>	<u>\$ 55,409,893</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, 2018, 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 23, 2019.

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 \$50,564, \$58,535, \$52,455, \$59,379, \$73,490, and \$34,171, 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 23, 2019