



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

YES HOUSING, INC. AND AFFILIATES

December 31, 2019 and 2018

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**YES HOUSING, INC. AND AFFILIATES
OFFICIAL ROSTER (UNAUDITED)
DECEMBER 31, 2019**

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, 2019 and 2018, 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 10% or less for the year ended December 31, 2019 and 2018. We did not audit the financial statements of Vista Grande Apartments LP as of December 31, 2019. Vista Grande Apartments LP was 100% owned by YES Housing, Inc. as of December 31, 2019 and 2018. The Partnerships' statements reflect total assets of \$110,991,889 and \$113,762,754 as of December 31, 2019 and 2018 and revenues of \$12,164,771 and \$10,672,227 for the years ended December 31, 2019 and 2018, 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, 2019 and 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 Standards

As described in Note 1 to the consolidated financial statements, YES Housing, Inc. and Affiliates adopted changes in accounting principles related to the Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*; Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*; and ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. 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 June 24, 2020, 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
June 24, 2020

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

ASSETS

	December 31,	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,161,107	\$ 2,637,124
Restricted cash and cash equivalents	1,177,327	1,545,342
Construction costs receivable	5,976	-
Rents and miscellaneous receivables	201,294	150,408
Prepaid expenses and deposit	492,009	339,235
Total current assets	<u>7,037,713</u>	<u>4,672,109</u>
WORK IN PROGRESS	<u>9,561,370</u>	<u>51,607</u>
PROPERTY, FURNITURE, AND EQUIPMENT, NET	<u>97,135,067</u>	<u>100,685,174</u>
OTHER ASSETS		
Tax credit monitoring fees, net of accumulated amortization	316,392	408,881
Predevelopment costs	458,059	846,119
Receivables - affiliates	482,390	380,801
Notes receivable - affiliates	3,000,000	3,000,000
Notes receivable	957,088	1,027,034
Investments in limited partnerships	351,384	351,408
Investments in marketable securities	7,131,359	9,485,857
Restricted cash and cash equivalents	5,766,272	5,216,082
Restricted investments (457(b) Plan)	671,208	602,728
Total other assets	<u>19,134,152</u>	<u>21,318,910</u>
Total assets	<u>\$ 132,868,302</u>	<u>\$ 126,727,800</u>

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

LIABILITIES AND NET ASSETS

	December 31,	
	2019	2018
CURRENT LIABILITIES		
Long-term debt - current maturities		
and net of unamortized debt issuance costs	\$ 998,249	\$ 11,370,874
Accrued interest payable	702,790	284,352
Accounts payable	746,886	292,633
Accrued salaries and payroll taxes	156,603	173,551
Tenant prepaid rent	107,849	83,570
Other accrued expenses	530,257	1,578,208
Security deposits	317,298	316,645
Deferred revenue	-	110,574
Total current liabilities	3,559,932	14,210,407
LONG-TERM LIABILITIES		
Due to affiliates	-	8,392
Development fee payable	657,317	712,816
Asset management fee payable	51,003	20,732
Accrued interest payable - long-term	168,906	534,683
Pension plan liability	671,208	602,728
Long-term debt, less current maturities		
and net of unamortized debt issuance costs	66,892,699	57,107,995
Total long-term liabilities	68,441,133	58,987,346
Total liabilities	72,001,065	73,197,753
NET ASSETS		
Without donor restrictions	13,707,366	14,070,563
Net assets attributable to YES Housing, Inc. and Affiliates	13,707,366	14,070,563
Noncontrolling interest	47,159,871	39,459,484
Total net assets	60,867,237	53,530,047
Total liabilities and net assets	\$ 132,868,302	\$ 126,727,800

YES Housing, Inc. and Affiliates
Consolidated Statements of Activities

	Years Ended December 31,	
	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenue		
Rent, net	\$ 11,456,980	\$ 10,645,357
Contribution revenue	626,519	610,495
Grant revenue	-	400,062
Interest	341,752	918,058
Net unrealized/realized gain (loss) on investments	1,234,387	(249,268)
Net realized loss on capital investments	-	(538,653)
Other revenue	1,088,391	193,822
Total revenue	<u>14,748,029</u>	<u>11,979,873</u>
Expenses		
Program	16,181,380	14,058,587
General and administrative	887,618	820,352
Total expenses	<u>17,068,998</u>	<u>14,878,939</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(2,320,969)	(2,899,066)
CHANGE IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	<u>(1,957,772)</u>	<u>(1,882,069)</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO YES HOUSING, INC.	<u>\$ (363,197)</u>	<u>\$ (1,016,997)</u>

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

	Without Donor Restrictions	Non-Controlling Interest	Total
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	(1,016,997)	(1,882,069)	(2,899,066)
BALANCE, December 31, 2018	14,070,563	39,459,484	53,530,047
Capital contributions	-	10,226,116	10,226,116
Distributions	-	(567,957)	(567,957)
Change in net assets	(363,197)	(1,957,772)	(2,320,969)
BALANCE, December 31, 2019	\$ 13,707,366	\$ 47,159,871	\$ 60,867,237

YES Housing, Inc. and Affiliates

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (363,197)	\$ (1,016,997)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Loss on disposal of assets	437,158	41,022
Depreciation and amortization	4,354,789	2,990,092
Net realized and unrealized gain on investments	(1,234,387)	249,268
Reinvested dividends and interest	631,912	1,009,202
Non-controlling interest	(1,957,772)	(1,882,069)
Changes in assets and liabilities		
Receivable - affiliates	(101,589)	(42,411)
Construction costs receivable	(5,976)	30,917
Rents and miscellaneous receivables	(50,886)	(6,686)
Prepaid expenses and deposit	(152,774)	(10,146)
Tax credit monitoring fees	52,829	(153,610)
Predevelopment costs	388,060	(772,904)
Due to affiliates	(8,392)	8,392
Accrued interest payable	52,661	(91,268)
Accounts payable	454,253	141,086
Accrued salaries and payroll taxes	(16,948)	52,299
Tenant prepaid rent	24,279	43,067
Other accrued expenses	(1,047,951)	1,070,757
Deferred revenue	(110,574)	96,554
Security deposits	653	5,811
Total adjustments	1,709,345	2,779,373
Net cash provided by operating activities	\$ 1,346,148	\$ 1,762,376

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

	Years Ended December 31,	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances on notes receivable	\$ 30,271	\$ (62,160)
Payments received on notes receivable	69,946	68,906
Proceeds from sales of property and equipment	1,330,474	-
Proceeds from sales of investments	(7,990,704)	(17,262,444)
Purchases of investments	10,947,701	17,060,294
Payment on development fee	(55,499)	-
Purchases of property and equipment	(2,532,654)	(11,271,458)
Purchases for work in progress	(9,509,763)	-
	<u>(7,710,228)</u>	<u>(11,466,862)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	11,798,435	8,012,605
Payment on loans	(12,386,356)	(764,564)
Capital contribution	10,226,116	1,566,173
Distribution	(567,957)	(546,953)
	<u>9,070,238</u>	<u>8,267,261</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,706,158	(1,437,225)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	<u>9,398,548</u>	<u>10,835,773</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	<u>\$ 12,104,706</u>	<u>\$ 9,398,548</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 2,029,503</u>	<u>\$ 2,427,860</u>
CASH AND CASH EQUIVALENTS	\$ 5,161,107	\$ 2,637,124
RESTRICTED CASH AND CASH EQUIVALENTS, CURRENT	1,177,327	1,545,342
RESTRICTED CASH AND CASH EQUIVALENTS, NON-CURRENT	<u>5,766,272</u>	<u>5,216,082</u>
	<u>\$ 12,104,706</u>	<u>\$ 9,398,548</u>

YES Housing, Inc. and Affiliates

Consolidated Statement of Functional Expenses

	Year Ended December 31, 2019		
	Program	Management and General	Total
Salaries and wages	\$ 2,621,513	\$ 379,160	\$ 3,000,673
Payroll taxes	440,489	27,153	467,642
Employee benefits	395,553	127,710	523,263
Total personnel expenses	<u>3,457,555</u>	<u>534,023</u>	<u>3,991,578</u>
Depreciation and amortization	4,261,286	93,503	4,354,789
Donations expense	-	11,950	11,950
Duplication and publishing	1,087	256	1,343
Equipment	9,238	749	9,987
Insurance	439,861	6,431	446,292
Interest	2,437,941	10,000	2,447,941
Loss (gain) on disposal of assets	438,271	(1,113)	437,158
Other expenses	462,216	178,093	640,309
Predevelopment/development costs	10,148	-	10,148
Professional fees	353,113	47,404	400,517
Property management	664,434	-	664,434
Property taxes	554,913	-	554,913
Rent	4,800	-	4,800
Repairs and maintenance	1,253,551	2,042	1,255,593
Social services	463,344	-	463,344
Telephone and utilities	1,311,787	3,108	1,314,895
Training	24,356	1,074	25,430
Travel	33,479	98	33,577
Total other expenses	<u>12,723,825</u>	<u>353,595</u>	<u>13,077,420</u>
Total expenses	<u>\$ 16,181,380</u>	<u>\$ 887,618</u>	<u>\$ 17,068,998</u>

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

	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

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 Vista Grande Apartments LP. Additionally, YES owns limited liability companies whose sole activity consists of General Partner ownership interests ranging from 10% to 0.01% 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 general partnership (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, 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, Nuevo Atrisco Apartments LP, LLLP, and Skyview Terrace 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, 2019 and 2018 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, 2019 and 2018, 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 as of December 31, 2019, against the entirety of the notes receivable from YES NSP LLC for \$224,648, 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, 2019 and 2018.

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, 2019 and 2018.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan and note 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, 2019 and 2018. As a result, YES did not recognize federal and state income tax for the years ended December 31, 2019 and 2018.

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, Nuevo Atrisco Apartments LP LLLP, and Skyview Terrace 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, 2019 and 2018.

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.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncement

ASU 2014-09 – The FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* during May 2014. This ASU will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance, and creates a Topic 606, *Revenue from Contracts with Customers*. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. Management has adopted this new pronouncement as of January 1, 2018. YES's revenues are mainly derived from rent, grants and contributions, which are not significantly impacted by this standard. Adopting this standard did not have a significant impact on the consolidated financial statements.

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. Management has adopted this new pronouncement as of January 1, 2018. As a result of this ASU, the restricted cash accounts are presented in total with cash and cash equivalents on the consolidated statements of cash flows. Reclassifications to the 2018 cash flow were made to reflect the adoption of the standard.

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. Management has adopted this new pronouncement as of January 1, 2019. Adopting this standard did not have a significant impact on the consolidated financial statements.

ASU 2016-02 and ASU 2020-05 – 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, 2021; 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. Note 16 provides disclosure of certain subsequent events that did not result in recognition in the consolidated financial statements. YES has evaluated subsequent events for recognition and disclosure through June 24, 2020, which is the date the consolidated financial statements were available to be issued. See Note 16.

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:

	2019	2018
Replacement Reserve	\$ 3,781,885	\$ 3,572,623
Operating Deficit Reserve	1,512,129	1,119,275
Debt Service Reserve	59,580	59,301
Escrow Deposits	304,971	233,998
Other	413,058	1,130,000
Security Deposits	326,040	306,193
Money Market Fund	295,543	90,526
Interest Reserve	-	34,970
OCS Grant	250,393	172,780
Repair Reserve	-	41,758
Total	\$ 6,943,599	\$ 6,761,424
Current Restricted Cash and Cash Equivalents	\$ 1,177,327	\$ 1,545,342
Long-Term Restricted Cash and Cash Equivalents	5,766,272	5,216,082
	\$ 6,943,599	\$ 6,761,424

The money market fund in the amount of \$295,543 and \$90,526 as of December 31, 2019 and 2018, respectively. 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>2019</u>	<u>2018</u>
Buildings	\$ 115,347,033	\$ 116,280,394
Buildings/Land Improvements	17,409,630	16,817,990
Furniture and Equipment	<u>6,657,342</u>	<u>6,037,481</u>
	139,414,005	139,135,865
Less: Accumulated Depreciation	<u>(51,127,270)</u>	<u>(47,483,487)</u>
	88,286,735	91,652,378
Land	<u>8,848,332</u>	<u>9,032,796</u>
Property, Furniture, and Equipment, Net	<u>\$ 97,135,067</u>	<u>\$ 100,685,174</u>

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$4,315,129 and \$2,937,220, respectively.

Work in progress on the accompanying consolidated statement of financial position is stated at cost and is not depreciated. The balances of \$9,561,370 and \$51,607 consisted of costs capitalized related to construction projects and various property improvements in progress as of December 31, 2019 and 2018, respectively. Significant construction projects relate to the development of the Nuevo Atrisco property and the Skyview Terrace property. See note 13 for details on the partnerships formed related to these respective projects and properties. The construction and development of the property for the Nuevo Atrisco project began in 2019 and is expected to be completed in August 2020. The construction and development of the property for the Skyview Terrace project began in 2019 and is expected to be completed in March 2021. The balances related to work in progress will be transferred to the respective property, furniture and equipment accounts upon completion of the respective projects.

Note 4 – Notes Receivable

Notes receivable consist of the following at December 31:

	<u>2019</u>	<u>2018</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, 2019 and 2018 was \$482,390 and \$380,801, respectively.	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

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

Note 4 – Notes Receivable (continued)

	2019	2018
<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.	\$ 507,088	\$ 577,034
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.	450,000	450,000
	\$ 957,088	\$ 1,027,034

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:

	2019	2018
Tax Credit Monitoring Fees	\$ 571,260	\$ 624,089
Less: Accumulated Amortization	(254,868)	(215,208)
Total	\$ 316,392	\$ 408,881

Amortization expense for the years ended December 31, 2019 and 2018 totaled \$39,660 and \$52,872, respectively.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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:

	2019			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	\$ 2,201,173	\$ -	\$ -	\$ 2,201,173
Bond Funds	2,363,339	-	-	2,363,339
Value Funds	1,825,150	-	-	1,825,150
Emerging Markets	741,697	-	-	741,697
Subtotal	<u>7,131,359</u>	<u>-</u>	<u>-</u>	<u>7,131,359</u>
Restricted Investments (457(b) Plan):				
Mutual Funds:				
Growth Funds	147,514	-	-	147,514
Bond Funds	430,191	-	-	430,191
Value Funds	50,600	-	-	50,600
Fixed Income	3,043	-	-	3,043
Growth & Value Funds	39,860	-	-	39,860
Subtotal	<u>671,208</u>	<u>-</u>	<u>-</u>	<u>671,208</u>
Total	<u>\$ 7,802,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,802,567</u>

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

Note 6 – Fair Value of Financial Instruments (continued)

	2018			
	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)	Total
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>

A summary of return on investments consists of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Net Realized Income	\$ 222,963	\$ 93,086
Net Unrealized Gain (Loss)	1,011,424	(342,354)
Total	<u>\$ 1,234,387</u>	<u>\$ (249,268)</u>

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

Note 7 – Long-Term Debt

	2019	2018
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.	\$ 7,118,820	\$ 7,258,138
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% 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.	6,921,207	7,102,937
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% 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.	4,322,617	4,427,919
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% 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.	3,507,705	3,603,693
YES UR 205 Silver, LLC - City of Albuquerque Workforce Housing Trust Funds note payable bearing interest at 3.50% per annum, secured by the property, matures on January 1, 2072.	3,375,000	3,375,000
Solar Villa - Loan payable to The Community Development Trust, in the amount of \$3,100,000, bearing an interest rate of 5.84% per annum. Principal and interest payments of \$17,344 are due monthly commencing October 1, 2019. Matures on September 1, 2035	3,093,700	-
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 Nuevo Atrisco - City of Albuquerque Workforce Housing Trust Funds note payable related to the development and construction of the Nuevo Atrisco Apartments, to be repaid from excess annual cash flows starting on January 1, 2021. The loan is secured by the property, bears no interest, and the unpaid principal balance matures in December 2049.	2,990,000	-
Wildewood - Loan payable to Hunt Mortgage Partners, LLC, monthly principal and interest payments of \$15,359 until maturity on May 1, 2026, at 4.12%, upon which a balloon payment for the remaining mortgage balance will be due.	2,772,800	2,839,765

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7 – Long-Term Debt (continued)

	2019	2018
YES Solar Villa - City of Albuquerque Workforce Housing Trust Funds note payable 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	\$ 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.	2,305,543	2,312,352
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
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.	1,834,251	1,883,475
Nuevo Atrisco - Construction loan to Wells Fargo, bearing interest at 1.70% plus the One-Month-LIBO rate. Interest rate is adjusted every month. YES can draw up to \$9,100,000. Loan matures on May 2, 2021, with two 3-month extension options. Effective interest rate was approximately 3.42% as of December 31, 2019. Secured by deed of trust.	1,831,629	-
Los Tres - Notes payable to City of Phoenix, Arizona, bearing interest at 0% until December 15, 2015 and a rate of 4.00% 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.	1,649,394	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 1.00%, secured by the apartment project, matures December 18, 2043.	1,562,306	1,575,997
New Leaf - Permanent note payable to New Mexico Mortgage Finance Authority, bearing interest at 5.00% per annum and payable on the first day of each month, secured by the project, and maturing December 1, 2056.	1,407,205	1,420,105
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 covered 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 2019 and 2018 was 6.54%. Interest and principal payments due at the beginning of each month. Loan secured by project.	1,149,889	1,167,124

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7 – Long-Term Debt (continued)

	2019	2018
Nuevo Atrisco -New Mexico Mortgage Finance Authority (NHTF), 0% interest, maturity date April 2051. YES can draw up to \$1,275,000. Repayments are made from excess cash flows with the remaining balance to be forgiven upon satisfactory completion of affordability period. Note is secured by a mortgage and a Land Use Restriction Agreement against the Project.	\$ 1,122,500	\$ -
Nuevo Atrisco - New Mexico Mortgage Finance Authority (HTF), 3.00% interest, maturity date May 2051. Interest only payments until completion of construction of the Nuevo Atrisco project but no later than May 1, 2021. At completion of construction, a principal payment of \$500,000 is due. Thereafter, the loan amortizes on a 360-month term with monthly principal and interest payments. Note is secured by a mortgage and a Land Use Restriction Agreement against the Project.	1,000,000	-
Roswell Summit - Mortgage payable to New Mexico Mortgage Finance Authority in monthly installments, bearing interest at 6.00%, matures on December 1, 2043.	738,838	752,228
Skyview Terrace - New Mexico Mortgage Finance Authority (HTF), 3.00% interest, maturity date December 2051. YES can draw up to \$1,000,000. Interest only payments until completion of construction of the Skyview project. At completion of construction, a principal payment of \$500,000 is due. Thereafter, the loan amortizes on a 360-month term with monthly principal and interest payments. Note is secured by a mortgage and a Land Use Restriction Agreement against the Project.	665,973	-
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.	626,661	633,145
Solar Villa - Loan payable to NM Mortgage Finance Authority (HOME) 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 \$1,668 ending November 1, 2049.	598,333	540,000
Bella Vista - Mortgage loan payable to Pacific Life Insurance Company, bearing interest at 7.93%, monthly payments due until maturity on August 1, 2027.	596,362	608,505
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.	566,625	575,932
Sunset Hills - Note payable to New Mexico Mortgage Finance Authority (HTF) in monthly installments of \$4,834, commencing June 1, 2015, bearing interest at 3.00%, secured by deed of trust, matures on May 1, 2030.	518,404	560,179

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7 – Long-Term Debt (continued)

	2019	2018
Nuevo Atrisco - New Mexico Mortgage Finance Authority (HOME), 0% interest, maturity date June 2041. YES can draw up to \$600,000. Loan consists of a construction term for 24 months with no payments and a permanent loan term for 240 months consisting of 240 equal monthly principal payments on the outstanding unpaid principal balance through maturity.	\$ 515,000	\$ -
Skyview Terrace - New Mexico Mortgage Finance Authority (HOME), 0% interest, maturity date December 2059. YES can draw up to \$600,000. Loan consists of a construction term for 24 months with no payments and a permanent loan term for 480 months consisting of 480 equal monthly principal payments on the outstanding unpaid principal balance through maturity.	515,000	-
Los Tres - Note payable to State of Arizona, Arizona Department of Housing, bearing interest at 0% until May 31, 2020 and 4.00% 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
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
Imperial - Note payable to New Mexico Mortgage Finance Authority (HTF), bearing interest at 3.00% 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.	473,304	485,119
New Leaf - Permanent note payable to New Mexico Mortgage Finance Authority HTF, bearing interest at 3.00% per annum, monthly principal and interest payments are due beginning January 1, 2017, maturing December 1, 2046.	467,721	478,805
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.	465,104	471,354
Mesa Del Norte - Housing Trust Fund Loan payable to the New Mexico Mortgage Finance Authority, bearing interest at 3.00%, 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.	433,429	445,526

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

Note 7 – Long-Term Debt (continued)

	2019	2018
YES Mountain View Deming - Housing Trust Fund Loan payable to the New Mexico Mortgage Finance Authority, bearing interest at 3.00%, monthly payments of principal and interest are due, any outstanding principal and interest are due on February 1, 2043.	\$ 425,162	\$ 437,484
New Leaf - Note payable to New Mexico Mortgage Finance Authority (HOME), non-interest bearing note. Principal payments made monthly, beginning January 1, 2017; matures December 1, 2056.	416,250	427,500
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.	414,097	421,505
Otero Village - Note payable to the New Mexico Mortgage Finance Authority, interest only payments due monthly at 1.00%, 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 2.00% on outstanding principal through June 22, 2019, with option to extend loan for two years. Upon extension, quarterly interest payments equal to 2.00% 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 3.50% per annum. Residual Receipts payments due annually effective May 1, 2016. Principal and all accrued and unpaid interest due at maturity, January 1, 2072. Secured by a Mortgage and Security Agreement.	378,000	378,000
Bella Vista - Mortgage loan payable to the New Mexico Mortgage Finance Authority through a HOME agreement, bearing interest at 4.37%, non-amortizing loan with a 480 month term due at the earlier of sale or refinance of the Project or until maturity at January 1, 2048.	366,000	366,000
YES Mountain View Deming - Mortgage loan payable to the New Mexico Mortgage Finance Authority through a HOME agreement, bearing interest at 3.00%, 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.	354,913	374,305
Sunset Hills - Note payable to New Mexico Mortgage Finance Authority (HOME) in monthly installments of \$2,693, bearing interest at 1%, secured by deed of trust, matures on May 1, 2030.	319,586	348,546
YES Mesa Del Norte - Promissory note payable to YES, assigned through the Federal Home Loan Bank, bearing interest at 1.00%, compounded annually. Matures on December 31, 2032.	252,000	252,000

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7 – Long-Term Debt (continued)

	2019	2018
Solar Villa - Loan payable to New Mexico Mortgage Finance Authority (HTF) commencing November 13, 2017 bearing 3.00%. 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.	\$ 246,210	\$ 1,000,000
Roswell Summit - Promissory note payable to the investor limited partner, bearing interest at 3.50% per annum, maturity date December 2022. Annual payments are due from available cash flows.	129,706	159,527
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 7.00% or the applicable rate imposed under Section 1-1-8(A)(2) of the Albuquerque Code of Ordinances. The unpaid principal balance and interest are due only in the event of default or December 31, 2066.	50,125	50,125
Solar Villa - Construction loan to Wells Fargo, bearing interest at 1.90% plus the One-Month-LIBO rate. Interest rate is adjusted every month. Effective interest rate was 5.37%. Loan matured and was paid-in-full on August 13, 2019.	-	9,624,241
Gonzales/Charter School - Raza Development Fund, Inc., monthly principal and interest payments of \$9,455 through February 1, 2017, with interest at 6.50%, secured by real estate. Loan was paid in full in 2019.	-	1,002,054
Total Long-Term Debt	68,890,256	69,547,727
Less: Unamortized Debt Issuance Costs	(999,308)	(1,068,858)
Total Long-Term Debt, Net of Unamortized Debt Issuance Costs	67,890,948	68,478,869
Less: Current Maturities	(998,249)	(11,370,874)
Total Long-Term Debt, Net of Current Maturities	<u>\$ 66,892,699</u>	<u>\$ 57,107,995</u>

Aggregate maturities of long-term debt as of December 31, 2019 are as follows:

Year Ending December 31,	Amount
2020	\$ 998,249
2021	4,349,574
2022	7,909,114
2023	1,024,027
2024	1,062,346
Thereafter	53,546,946
Total	<u>\$ 68,890,256</u>

Interest expense incurred related to these notes for the years ended December 31, 2019 and 2018 totaled \$2,447,941 and \$2,336,592, respectively. Accrued interest related to these notes for the years ended December 31, 2019 and 2018 totaled \$871,696 and \$819,035, respectively.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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. The building related to the lease sold in December 2019, resulting in the termination of the lease. Rental revenue related to this lease for the years ended December 31, 2019 and 2018 was \$110,574 and \$109,398, 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, 2019 and 2018 was \$18,435 and \$15,747, respectively.

Future expected rent revenue at December 31, 2019 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 18,986
2021	1,586
Total	<u>\$ 20,572</u>

Note 9 – Retirement Plan

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

All employees who meet the eligibility requirements are eligible to participate in this plan on their first day of employment. After six months of service, YES will make a dollar for dollar matching contribution of the employee's gross salary to the plan, if the employee contributes at least 3% of their bi-weekly gross salary. The contribution percentage is approved annually by the Board of Directors. YES contributed \$121,665 and \$162,626 to the retirement plan during the years ended December 31, 2019 and 2018, 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's 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 \$47,975 and \$50,372 to the retirement plan during the years ended December 31, 2019 and 2018, respectively. The related 457(b) Retirement Plan assets included in restricted investments as of December 31, 2019 and 2018 totaled \$671,208 and \$602,728, respectively (Note 6).

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

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, 2019 and 2018 totaled \$10,633 and \$4,800, respectively.

Future lease obligations are \$5,548 for years 2020 through 2022 and \$5,086 for year 2023.

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.

Construction Loan

As of December 31, 2019, pursuant to an agreement with Wells Fargo Bank, N.A., YES had available a \$10,200,000 construction loan for Skyview Terrace, none of which was outstanding at that date.

Construction Commitments

As of December 31, 2019, YES has entered into construction contracts related to the Nuevo Atrisco and Skyview Terrace projects totaling \$35,559,531, of which \$23,638,462 is still outstanding.

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, 2019, development fees of \$1,209,000, interest revenue of \$185,805, property management fees of \$311,508 and additional smaller amounts have been eliminated.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 11 – Consolidation (continued)

Additionally, for the year ended December 31, 2019, YES's receivables from affiliates of \$136,776, notes receivable from affiliates of \$23,304,026, development fees receivable of \$3,202,409 and predevelopment costs of \$201,994 have also been eliminated. Additionally, equity investments of \$1,446,917; property, furniture, and equipment of \$10,782,398; work in progress of \$1,261,427; and various expense amounts attributable to the 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.

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 0.0051% member of the Company. Casitas De Colores Manager, LLC is the designated manager with 0.0049% ownership. The Investor Member, Bank of America, N.A. owns the remaining 99.9900% of CDC.

YES Housing, Inc., the sole member of Yes Casitas, LLC the 0.0051% 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, 2019 and 2018, the outstanding balance on the loan due to YES from CDC was \$3,000,000 (Note 4). The note accrued 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, 2019 and 2018 was \$482,390 and \$380,801, respectively.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 13 – Limited Partnership Purchases

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 0.01% 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 as part of a development agreement. YES contributed its interest in the land to Nuevo Atrisco on November 13, 2018 for the purpose of building an 80-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. 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 the 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. 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.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 13 – Limited Partnership Purchases (continued)

Skyview Terrace LP, LLLP

The Skyview Terrace LP, LLLP (Skyview Terrace) was formed as a limited liability limited partnership under the laws of the State of New Mexico for the purpose of acquiring, owning, developing, constructing, leasing, managing, and operating a low-income housing project in New Mexico on July 11, 2019 by and among YES Skyview Terrace, LLC, a New Mexico limited liability company, as general partner, and YES Housing, Inc. as the limited partner. On December 19, 2019, the partnership agreement was amended by and among YES Housing, Inc., as the withdrawing limited partner and sole member of the general partner, YES Skyview Terrace, LLC, as general partner, and FRE Enterprise Affordable Housing Fund I, LLLP, a Maryland limited liability limited partnership, as the limited partner. The partnership's formation included the plans to construct an apartment complex eligible for low-income housing tax credits (LIHTC) located in Hobbs, New Mexico. As part of the amended agreement, YES Skyview Terrace, LLC, contributed \$100 for a 0.01% interest. Additionally, the limited partner will contribute \$10,878,855 for a 99.99% interest throughout the construction and loan conversion phase of the project. As per the agreement, the limited partner provided a capital contribution of \$543,942 in December 2019 for admission to the partnership.

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 \$3,335,817 and \$2,945,360 at December 31, 2019 and 2018, respectively. The board also held other designated reserves of \$295,543 and \$90,526 at December 31, 2019 and 2018, 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, 2019 and 2018, respectively, 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.

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 12,104,706	\$ 9,398,548
Accounts and contributions receivable	5,907,232	6,152,478
Investments	<u>7,131,359</u>	<u>9,485,857</u>
Total financial assets	<u>25,143,297</u>	<u>25,036,883</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted cash and cash equivalents	(5,766,272)	(5,216,082)
Contributions and accounts receivable collectible beyond one year	(5,213,929)	(5,662,835)
Board designated reserves for future contingencies	<u>(3,631,360)</u>	<u>(3,035,886)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,531,736</u>	<u>\$ 11,122,080</u>

Note 16 – Subsequent Events

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The outbreak caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on YES's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on tenants, employees and vendors, all of which are uncertain and cannot be determined at this time.

YES Housing, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 16 – Subsequent Events (continued)

The New Frontier Family Living, LLC (New Frontier) was formed as a limited liability corporation under the laws of the State of Arizona for the purpose of acquiring, constructing, owning, operating, holding for investment, leasing, and selling an affordable housing project located in Phoenix, Arizona by and among YES Housing of Arizona, Inc., an Arizona nonprofit corporation, as a member and New Frontier MM, LLC, an Arizona limited liability corporation, as the managing member on March 14, 2019. On March 25, 2020, the operating agreement was amended by and among YES Housing of Arizona, Inc., LLC, as the withdrawing member and sole member of the managing member, New Frontier MM, LLC, as managing member, Bank of America, N.A., a national banking association, as the investor member, and Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as the special member. 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, New Frontier MM, LLC, contributed \$100 for a 0.01% interest. Additionally, the investor member will contribute \$14,783,495 for a 99.99% interest throughout the construction and loan conversion phase of the project. New Frontier MM, LLC, will be paid an asset management fee of \$5,000 per year expected to begin in 2022 and increasing 3% each year thereafter.

In May of 2020, YES applied and received a Paycheck Protection Program (PPP) loan of \$454,092 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Paycheck Protection Program Flexibility Act of 2020. The Company has the option to apply for loan forgiveness with the SBA or pay back the loan within two years. The loan has 1% interest and deferral of ten months of principal and interest.

YES applied for and was granted deferment on the Chase Imperial loan in April 2020. As part of the agreement, the payments for May, June, July, August, September, and October 2020 are deferred. The deferred payments are then due in equal installments for 24 months starting in November 2020.

Supplementary Information

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position
December 31, 2019

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 2,666,464	\$ 4,475	\$ 446,168	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	295,543	-	-	-	250,393	-
Construction Costs Receivable	-	-	14,567	-	-	-
Rents and Miscellaneous Receivables	14,029	-	12,206	274	41,322	6,806
Prepaid Expenses and Deposits	4,146	-	18,925	4,829	8,534	-
Interfund Receivables	5,074	75,437	-	-	-	-
Total Current Assets	2,985,256	79,912	491,866	5,103	300,249	6,806
WORK IN PROGRESS	-	-	-	-	-	-
PROPERTY, FURNITURE, AND EQUIPMENT, NET	958,694	-	762,017	160,326	-	-
OTHER ASSETS						
Tax Credit Monitoring Fees, Net	-	-	-	-	-	-
Predevelopment Costs	-	-	37,888	-	-	-
Receivables - Affiliates	-	-	-	553,085	-	-
Notes Receivable - Affiliates	22,567,236	-	-	-	-	-
Notes Receivable	450,000	-	-	-	507,088	-
Investments in Limited Partnerships	606,423	-	-	-	-	-
Investments in Marketable Securities	7,130,272	-	1,087	-	-	-
Development Fees Receivable	1,852,825	-	1,349,584	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Restricted Investments (457(b) Plan)	671,208	-	-	-	-	-
Total Other Assets	33,277,964	-	1,388,559	553,085	507,088	-
Total Assets	\$ 37,221,914	\$ 79,912	\$ 2,642,442	\$ 718,514	\$ 807,337	\$ 6,806

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2019

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest Payable	-	-	-	-	-	-
Accounts Payable	33,573	794	27,320	5,951	2,173	-
Accrued Salaries and Payroll Taxes	13,317	79,118	30,371	15,466	18,331	-
Tenant Prepaid Rent	-	-	-	-	-	-
Other Accrued Expenses	881	-	1,542	2,615	379	-
Security Deposits	-	-	-	1,495	-	-
Interfund Payables	16,332	-	24,975	17,472	14,926	6,806
Total Current Liabilities	<u>64,103</u>	<u>79,912</u>	<u>84,208</u>	<u>42,999</u>	<u>35,809</u>	<u>6,806</u>
LONG-TERM LIABILITIES						
Due to Affiliates	-	-	-	-	-	-
Deferred AHP Revenue	-	-	-	-	-	-
Development Fee Payable	-	-	-	-	-	-
Asset Management Fee Payable	-	-	-	-	-	-
Accrued Interest Payable - Long-Term	-	-	-	-	-	-
Pension Plan Liability	671,208	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	14,095,000	-	-	-	-	-
Total Long-Term Liabilities	<u>14,766,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	14,830,311	79,912	84,208	42,999	35,809	6,806
NET ASSETS						
Net assets without donor restrictions	22,391,603	-	2,558,234	675,515	771,528	-
Capital Contribution	-	-	-	-	-	-
Partners' Capital (Deficit)	-	-	-	-	-	-
Net Assets Attributable to YES Housing, Inc. and Affiliates	<u>22,391,603</u>	<u>-</u>	<u>2,558,234</u>	<u>675,515</u>	<u>771,528</u>	<u>-</u>
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	<u>22,391,603</u>	<u>-</u>	<u>2,558,234</u>	<u>675,515</u>	<u>771,528</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 37,221,914</u>	<u>\$ 79,912</u>	<u>\$ 2,642,442</u>	<u>\$ 718,514</u>	<u>\$ 807,337</u>	<u>\$ 6,806</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2019

	Charter School	YES of Arizona, Inc.	La Hacienda LLC	Otero Village Apartments Limited Partnership	Vista Grande Apartments Limited Partnership	YES Housing Inc. 100% Owned Preconsolidated Subtotal
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ -	\$ 307	\$ 59,472	\$ 7,115	\$ 11,691	\$ 3,195,692
Restricted Cash and Cash Equivalents	-	-	10,273	11,718	67,839	635,766
Construction Costs Receivable	-	-	-	-	-	14,567
Rents and Miscellaneous Receivables	-	5,000	321	5,286	14,977	100,221
Prepaid Expenses and Deposits	-	60,000	11,913	13,443	23,378	145,168
Interfund Receivables	-	-	-	-	-	80,511
Total Current Assets	-	65,307	81,979	37,562	117,885	4,171,925
WORK IN PROGRESS	-	-	-	-	-	-
PROPERTY, FURNITURE, AND EQUIPMENT, NET	-	-	1,235,783	1,347,600	3,413,714	7,878,134
OTHER ASSETS						
Tax Credit Monitoring Fees, Net	-	-	-	-	-	-
Predevelopment Costs	-	622,165	-	-	-	660,053
Receivables - Affiliates	-	66,081	-	-	-	619,166
Notes Receivable - Affiliates	-	3,736,790	-	-	-	26,304,026
Notes Receivable	-	-	-	-	-	957,088
Investments in Limited Partnerships	-	(1,701,953)	-	-	-	(1,095,530)
Investments in Marketable Securities	-	-	-	-	-	7,131,359
Development Fees Receivable	-	-	-	-	-	3,202,409
Restricted Cash and Cash Equivalents	-	-	293,075	38,289	261,272	592,636
Restricted Investments (457(b) Plan)	-	-	-	-	-	671,208
Total Other Assets	-	2,723,083	293,075	38,289	261,272	39,042,415
Total Assets	\$ -	\$ 2,788,390	\$ 1,610,837	\$ 1,423,451	\$ 3,792,871	\$ 51,092,474

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2019

	Charter School	YES of Arizona, Inc.	La Hacienda LLC	Otero Village Apartments Limited Partnership	Vista Grande Apartments Limited Partnership	YES Housing Inc. 100% Owned Preconsolidated Subtotal
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ -	\$ -	\$ -	\$ 10,068	\$ 50,625	\$ 60,693
Accrued Interest Payable	-	-	-	4,059	4,165	8,224
Accounts Payable	1,609	75,685	1,467	10,598	6,060	165,230
Accrued Salaries and Payroll Taxes	-	-	-	-	-	156,603
Tenant Prepaid Rent	-	-	1,251	2,641	8,822	12,714
Other Accrued Expenses	-	-	7,786	6,759	39,559	59,521
Security Deposits	-	-	7,218	8,810	28,935	46,458
Interfund Payables	-	-	-	-	-	80,511
Total Current Liabilities	<u>1,609</u>	<u>75,685</u>	<u>17,722</u>	<u>42,935</u>	<u>138,166</u>	<u>589,954</u>
LONG-TERM LIABILITIES						
Due to Affiliates	-	2,995,760	-	-	1,045,005	4,040,765
Deferred AHP Revenue	-	-	-	-	-	-
Development Fee Payable	-	-	-	-	-	-
Asset Management Fee Payable	-	-	-	-	-	-
Accrued Interest Payable - Long-Term	-	-	-	-	503,296	503,296
Pension Plan Liability	-	-	-	-	-	671,208
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	-	-	2,305,543	935,306	3,489,288	20,825,137
Total Long-Term Liabilities	<u>-</u>	<u>2,995,760</u>	<u>2,305,543</u>	<u>935,306</u>	<u>5,037,589</u>	<u>26,040,406</u>
Total Liabilities	1,609	3,071,445	2,323,265	978,241	5,175,755	26,630,360
NET ASSETS						
Net assets without donor restrictions	(1,609)	(283,055)	-	-	-	26,112,216
Capital Contribution	-	-	-	-	-	-
Partners' Capital (Deficit)	-	-	(712,428)	445,210	(1,382,884)	(1,650,102)
Net Assets Attributable to YES Housing, Inc. and Affiliates	<u>(1,609)</u>	<u>(283,055)</u>	<u>(712,428)</u>	<u>445,210</u>	<u>(1,382,884)</u>	<u>24,462,114</u>
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	<u>(1,609)</u>	<u>(283,055)</u>	<u>(712,428)</u>	<u>445,210</u>	<u>(1,382,884)</u>	<u>24,462,114</u>
Total Liabilities and Net Assets	<u>\$ -</u>	<u>\$ 2,788,390</u>	<u>\$ 1,610,837</u>	<u>\$ 1,423,451</u>	<u>\$ 3,792,871</u>	<u>\$ 51,092,474</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2019

	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Brentwood Gardens Apartments Limited Partnership	UR 205 Silver LLC (Imperial)	Los Tres Apartments L.P.	Mesa Del Norte Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 113,595	\$ 79,357	\$ 139,048	\$ 11,115	\$ 466,153	\$ 72,359	\$ 93,865	\$ 59,970
Restricted Cash and Cash Equivalents	31,444	27,593	47,789	59,609	121,965	20,581	32,178	19,548
Construction Costs Receivable	-	-	-	-	-	-	-	-
Rents and Miscellaneous Receivables	7,118	6,362	4,178	27,092	18,306	3,927	5,456	8,235
Prepaid Expenses and Deposits	18,635	27,116	23,973	13,430	103,934	9,216	20,920	16,385
Interfund Receivables	-	-	-	-	-	-	-	-
Total Current Assets	170,792	140,428	214,988	111,246	710,358	106,083	152,419	104,138
WORK IN PROGRESS	-	-	150,982	-	-	-	6,499	-
PROPERTY, FURNITURE, AND EQUIPMENT, NET	3,071,963	6,113,291	4,197,814	16,059,474	15,401,114	4,617,796	2,752,225	4,551,831
OTHER ASSETS								
Tax Credit Monitoring Fees, Net	-	16,872	-	58,214	8,463	22,557	-	19,951
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	353,066	104,107	443,392	274,143	320,299	201,152	410,711	781,343
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	-	-
Total Other Assets	353,066	120,979	443,392	332,357	328,762	223,709	410,711	801,294
Total Assets	\$ 3,595,821	\$ 6,374,698	\$ 5,007,176	\$ 16,503,077	\$ 16,440,234	\$ 4,947,588	\$ 3,321,854	\$ 5,457,263

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2019

	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Brentwood Gardens Apartments Limited Partnership	UR 205 Silver LLC (Imperial)	Los Tres Apartments L.P.	Mesa Del Norte Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 109,779	\$ 13,141	\$ 189,529	\$ 25,792	\$ 158,467	\$ 26,567	\$ 100,372	\$ 39,410
Accrued Interest Payable	17,234	186,490	27,594	7,025	110,093	3,092	14,801	2,827
Accounts Payable	2,363	799	2,197	15,001	1,247	2,013	3,518	648
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-	-
Tenant Prepaid Rent	277	14,381	4,146	9,331	11,002	12,811	8,671	2,034
Other Accrued Expenses	24,208	23,996	43,877	13,487	144,202	21,549	29,258	16,144
Security Deposits	21,054	17,869	30,399	17,262	65,030	12,400	18,384	9,908
Interfund Payables	-	-	-	-	-	-	-	-
Total Current Liabilities	174,915	256,676	297,742	87,898	490,041	78,432	175,004	70,971
LONG-TERM LIABILITIES								
Due to Affiliates	4,714	-	-	3,583,019	6,149,746	-	4,486	5,976
Deferred AHP Revenue	-	-	-	378,000	-	252,000	-	-
Development Fee Payable	-	-	-	185,425	2,324,717	-	-	-
Asset Management Fee Payable	-	11,799	-	57,266	229,038	37,348	-	17,218
Accrued Interest Payable - Long-Term	-	-	-	635,745	649,619	17,976	-	-
Pension Plan Liability	-	-	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	4,124,998	939,132	6,613,474	1,554,106	9,029,351	1,256,139	3,326,065	1,330,375
Total Long-Term Liabilities	4,129,712	950,931	6,613,474	6,393,561	18,382,471	1,563,463	3,330,551	1,353,569
Total Liabilities	4,304,627	1,207,607	6,911,216	6,481,459	18,872,512	1,641,895	3,505,555	1,424,540
NET ASSETS								
Net assets without donor restrictions	-	-	-	-	-	-	-	-
Capital Contribution	-	-	-	-	-	-	-	-
Partners' Capital (Deficit)	(708,806)	5,167,091	(1,904,040)	10,021,618	(2,432,278)	3,305,693	(183,701)	4,032,723
Net Assets Attributable to YES Housing, Inc. and Affiliates	(708,806)	5,167,091	(1,904,040)	10,021,618	(2,432,278)	3,305,693	(183,701)	4,032,723
Noncontrolling Interest	-	-	-	-	-	-	-	-
Total Net Assets	(708,806)	5,167,091	(1,904,040)	10,021,618	(2,432,278)	3,305,693	(183,701)	4,032,723
Total Liabilities and Net Assets	\$ 3,595,821	\$ 6,374,698	\$ 5,007,176	\$ 16,503,077	\$ 16,440,234	\$ 4,947,588	\$ 3,321,854	\$ 5,457,263

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2019

	New Leaf Community L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Roswell Summit Apartments L.P.	Skyview Terrace L.P., LLLP	Solar Villa Apartments L.P., LLLP	Gallup Sunset Hills Apartments Limited Partnership	Wildewood Apartments Limited Partnership	Eliminations	Total
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 138,361	\$ 213,802	\$ 66,760	\$ -	\$ 178,234	\$ 222,427	\$ 110,369	\$ -	5,161,107
Restricted Cash and Cash Equivalents	28,325	-	10,314	-	102,167	16,772	23,276	-	1,177,327
Construction Costs Receivable	-	-	-	-	-	-	-	(8,591)	5,976
Rents and Miscellaneous Receivables	26,040	-	5,114	-	4,445	5,301	6,342	(26,843)	201,294
Prepaid Expenses and Deposits	32,584	-	20,777	-	30,564	17,584	11,723	-	492,009
Interfund Receivables	-	-	-	-	-	-	-	(80,511)	-
Total Current Assets	225,310	213,802	102,965	-	315,410	262,084	151,710	(115,945)	7,037,713
WORK IN PROGRESS	-	9,530,230	17,445	1,117,641	-	-	-	(1,261,427)	9,561,370
PROPERTY, FURNITURE, AND EQUIPMENT, NET	11,365,446	600,025	3,145,860	673,173	16,446,809	9,073,797	1,968,713	(10,782,398)	97,135,067
OTHER ASSETS									
Tax Credit Monitoring Fees, Net	53,911	-	5,144	-	80,967	50,313	-	-	316,392
Predevelopment Costs	-	-	-	-	-	-	-	(201,994)	458,059
Receivables - Affiliates	-	-	-	-	-	-	-	(136,776)	482,390
Notes Receivable - Affiliates	-	-	-	-	-	-	-	(23,304,026)	3,000,000
Notes Receivable	-	-	-	-	-	-	-	-	957,088
Investments in Limited Partnerships	-	-	-	-	-	-	-	1,446,914	351,384
Investments in Marketable Securities	-	-	-	-	-	-	-	-	7,131,359
Development Fees Receivable	-	-	-	-	-	-	-	(3,202,409)	-
Restricted Cash and Cash Equivalents	360,174	-	101,913	-	518,035	1,089,579	215,722	-	5,766,272
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	-	-	671,208
Total Other Assets	414,085	-	107,057	-	599,002	1,139,892	215,722	(25,398,291)	19,134,152
Total Assets	\$ 12,004,841	\$ 10,344,057	\$ 3,373,327	\$ 1,790,814	\$ 17,361,221	\$ 10,475,773	\$ 2,336,145	\$ (37,558,061)	\$ 132,868,302

YES Housing, Inc. and Affiliates
Consolidating Statement of Financial Position (continued)
December 31, 2019

	New Leaf Community L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Roswell Summit Apartments L.P.	Skyview Terrace L.P., LLLP	Solar Villa Apartments L.P., LLLP	Gallup Sunset Hills Apartments Limited Partnership	Wildewood Apartments Limited Partnership	Eliminations	Total
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 36,232	\$ -	\$ 14,216	\$ -	\$ 68,046	\$ 86,515	\$ 69,490	\$ -	\$ 998,249
Accrued Interest Payable	7,032	3,893	282,646	-	15,558	6,444	9,837	-	702,790
Accounts Payable	3,324	544,450	2,391	-	9,269	153	2,967	(8,684)	746,886
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-	-	156,603
Tenant Prepaid Rent	7,676	-	1,671	-	7,586	13,236	2,313	-	107,849
Other Accrued Expenses	28,268	-	20,620	-	65,367	16,574	23,186	-	530,257
Security Deposits	18,911	-	10,183	-	22,082	12,810	14,548	-	317,298
Interfund Payables	-	-	-	-	-	-	-	(80,511)	-
Total Current Liabilities	101,443	548,343	331,727	-	187,908	135,732	122,341	(89,195)	3,559,932
LONG-TERM LIABILITIES									
Due to Affiliates	1,426,168	2,990,001	167,531	24,543	2,400,000	4,246	4,363	(20,805,558)	-
Deferred AHP Revenue	-	-	-	-	-	-	-	(630,000)	-
Development Fee Payable	-	762,828	-	41,356	545,400	-	-	(3,202,409)	657,317
Asset Management Fee Payable	5,400	-	190,258	-	31,000	24,761	-	(553,085)	51,003
Accrued Interest Payable - Long-Term	-	-	42,557	-	616	-	-	(1,680,903)	168,906
Pension Plan Liability	-	-	-	-	-	-	-	-	671,208
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	2,204,111	4,469,129	1,317,887	1,180,973	3,832,678	2,313,442	2,575,702	-	66,892,699
Total Long-Term Liabilities	3,635,679	8,221,958	1,718,233	1,246,872	6,809,694	2,342,449	2,580,065	(26,871,955)	68,441,133
Total Liabilities	3,737,122	8,770,301	2,049,960	1,246,872	6,997,602	2,478,181	2,702,406	(26,961,150)	72,001,065
NET ASSETS									
Net assets without donor restrictions	-	-	-	-	-	-	-	(9,311,402)	16,800,814
Capital Contribution	-	873,756	-	543,942	9,172,164	-	-	(10,226,116)	363,746
Partners' Capital (Deficit)	8,267,719	700,000	1,323,367	-	1,191,455	7,997,592	(366,261)	(38,219,264)	(3,457,194)
Net Assets Attributable to YES Housing, Inc. and Affiliates	8,267,719	1,573,756	1,323,367	543,942	10,363,619	7,997,592	(366,261)	(57,756,782)	13,707,366
Noncontrolling Interest	-	-	-	-	-	-	-	47,159,871	47,159,871
Total Net Assets	8,267,719	1,573,756	1,323,367	543,942	10,363,619	7,997,592	(366,261)	(10,596,911)	60,867,237
Total Liabilities and Net Assets	\$ 12,004,841	\$ 10,344,057	\$ 3,373,327	\$ 1,790,814	\$ 17,361,221	\$ 10,475,773	\$ 2,336,145	\$ (37,558,061)	\$ 132,868,302

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	<u>152,123</u>	<u>100,220</u>	<u>172,690</u>	<u>42,074</u>	<u>33,707</u>	<u>6,675</u>	<u>41,048</u>
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	<u>11,607,728</u>	<u>-</u>	<u>422,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523,925</u>
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	<u>22,037,108</u>	<u>-</u>	<u>2,530,904</u>	<u>402,353</u>	<u>757,596</u>	<u>-</u>	<u>579,297</u>
Noncontrolling Interest	-	-	-	-	-	-	-
Total Net Assets	<u>22,037,108</u>	<u>-</u>	<u>2,530,904</u>	<u>402,353</u>	<u>757,596</u>	<u>-</u>	<u>579,297</u>
Total Liabilities and Net Assets	<u>\$ 33,796,959</u>	<u>\$ 100,220</u>	<u>\$ 3,126,066</u>	<u>\$ 444,427</u>	<u>\$ 791,303</u>	<u>\$ 6,675</u>	<u>\$ 1,144,270</u>

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

	YES of Arizona, Inc.	La Hacienda LLC	Otero Village Apartments Limited Partnership	Solar Villa Apartments	Vista Grande Apartments Limited Partnership	YES Housing Inc. 100% Owned Preconsolidated Subtotal
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 307	\$ 34,180	\$ 4,686	\$ -	\$ 8,553	\$ 168,047
Restricted Cash and Cash Equivalents	-	10,546	14,719	-	45,868	1,050,804
Accounts Receivable - Affiliates	-	-	-	-	-	427,956
Construction Costs Receivable	-	-	-	-	-	42,580
Rents and Miscellaneous Receivables	-	4,847	25,987	-	15,569	61,007
Prepaid Expenses and Deposits	-	11,947	12,169	-	24,496	75,957
Interfund Receivables	-	-	-	-	-	65,153
Total Current Assets	307	61,520	57,561	-	94,486	1,891,504
WORK IN PROGRESS	-	-	-	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	-	1,333,235	1,420,375	-	3,539,507	9,713,115
OTHER ASSETS						
Tax Credit Monitoring Fees, Net	-	-	-	-	3,876	3,876
Predevelopment Costs	180,451	-	-	-	-	1,026,570
Receivables - Affiliates	649,619	-	-	-	-	1,985,360
Notes Receivable - Affiliates	583,522	-	-	-	-	18,234,054
Notes Receivable	-	-	-	-	-	1,027,034
Investments in Limited Partnerships	(1,864,073)	-	-	-	-	(1,475,149)
Investments in Marketable Securities	-	-	-	-	-	9,485,857
Development Fees Receivable	-	-	-	-	-	2,975,357
Restricted Cash and Cash Equivalents	-	289,536	84,594	-	223,288	597,418
Restricted Investments (457(b) Plan)	-	-	-	-	-	602,728
Total Other Assets	(450,481)	289,536	84,594	-	227,164	34,463,105
Total Assets	\$ (450,174)	\$ 1,684,291	\$ 1,562,530	\$ -	\$ 3,861,157	\$ 46,067,724

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

	YES of Arizona, Inc.	La Hacienda LLC	Otero Village Apartments Limited Partnership	Solar Villa Apartments	Vista Grande Apartments Limited Partnership	YES Housing Inc. 100% Owned Preconsolidated Subtotal
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ -	\$ -	\$ 9,307	\$ -	\$ 49,224	\$ 204,046
Accrued Interest Payable	-	-	4,120	-	4,410	16,231
Accounts Payable	-	3,443	27,278	-	57,778	226,166
Accrued Salaries and Payroll Taxes	-	-	-	-	-	173,551
Tenant Prepaid Rent	-	6,677	5,057	-	4,239	25,313
Other Accrued Expenses	-	1,811	5,385	-	33,027	48,338
Security Deposits	-	8,561	12,483	-	27,854	50,393
Deferred revenue	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	65,153
Total Current Liabilities	-	20,492	63,630	-	176,532	809,191
LONG-TERM LIABILITIES						
Due to Affiliates	-	-	-	-	1,045,005	1,045,005
Deferred AHP Revenue	-	-	-	-	-	-
Development Fee Payable	-	-	-	-	-	-
Asset Management Fee Payable	-	-	-	-	-	-
Accrued Interest Payable - Long-Term	-	-	-	-	457,356	457,356
Pension Plan Liability	-	-	-	-	-	602,728
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	-	2,312,352	943,772	-	3,531,650	18,739,171
Total Long-Term Liabilities	-	2,312,352	943,772	-	5,034,011	20,844,260
Total Liabilities	-	2,332,844	1,007,402	-	5,210,543	21,653,451
NET ASSETS						
Net assets without donor restrictions	(450,174)	-	555,128	-	(1,349,386)	25,062,826
Capital Contribution	-	-	-	-	-	-
Partners' Capital (Deficit)	-	(648,553)	-	-	-	(648,553)
Net Assets Attributable to YES Housing, Inc. and Affiliates	(450,174)	(648,553)	555,128	-	(1,349,386)	24,414,273
Noncontrolling Interest	-	-	-	-	-	-
Total Net Assets	(450,174)	(648,553)	555,128	-	(1,349,386)	24,414,273
Total Liabilities and Net Assets	\$ (450,174)	\$ 1,684,291	\$ 1,562,530	\$ -	\$ 3,861,157	\$ 46,067,724

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

	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Brentwood Gardens Apartments Limited Partnership	UR 205 Silver LLC (Imperial)	Los Tres Apartments L.P.	Mesa Del Norte Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 116,988	\$ 76,234	\$ 117,665	\$ 30,839	\$ 425,195	\$ 64,280	\$ 130,941	\$ 62,699
Restricted Cash and Cash Equivalents	28,617	26,866	71,780	30,562	145,302	15,731	43,178	17,574
Accounts Receivable - Affiliates	-	-	-	-	-	-	-	-
Construction Costs Receivable	-	-	-	-	-	-	-	-
Rents and Miscellaneous Receivables	4,494	6,836	1,910	4,341	21,618	822	7,870	9,048
Prepaid Expenses and Deposits	17,214	21,613	-	16,713	83,902	9,427	2,022	17,521
Interfund Receivables	-	-	-	-	-	-	-	-
Total Current Assets	167,313	131,549	191,355	82,455	676,017	90,260	184,011	106,842
WORK IN PROGRESS	-	-	-	-	-	-	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET	3,205,816	6,413,824	4,396,646	16,546,685	15,449,560	4,829,270	2,743,068	4,727,220
OTHER ASSETS								
Tax Credit Monitoring Fees, Net	-	21,370	-	114,582	13,403	25,160	-	22,801
Predevelopment Costs	-	-	-	-	-	-	-	-
Receivables - Affiliates	-	-	-	-	-	-	-	-
Notes Receivable - Affiliates	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-
Investments in Limited Partnerships	-	-	-	-	-	-	-	-
Investments in Marketable Securities	-	-	-	-	-	-	-	-
Development Fees Receivable	-	-	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	390,685	113,872	585,643	267,721	387,271	196,957	490,297	750,078
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	-	-
Total Other Assets	390,685	135,242	585,643	382,303	400,674	222,117	490,297	772,879
Total Assets	\$ 3,763,814	\$ 6,680,615	\$ 5,173,644	\$ 17,011,443	\$ 16,526,251	\$ 5,141,647	\$ 3,417,376	\$ 5,606,941

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

	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Brentwood Gardens Apartments Limited Partnership	UR 205 Silver LLC (Imperial)	Los Tres Apartments L.P.	Mesa Del Norte Apartments Limited Partnership	Montana Meadows Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 105,302	\$ 12,143	\$ 181,730	\$ 26,863	\$ 135,151	\$ 25,756	\$ 95,987	\$ 38,215
Accrued Interest Payable	17,654	4,461	28,319	7,142	126,743	3,162	15,206	2,926
Accounts Payable	56	5,034	323	1,889	3,297	27,138	3,452	1,186
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-	-
Tenant Prepaid Rent	805	3,931	2,876	5,379	12,387	1,093	9,308	2,679
Other Accrued Expenses	25,284	20,664	46,872	28,447	157,029	-	35,681	38,022
Security Deposits	20,437	18,534	31,714	17,065	59,062	12,100	16,974	9,651
Deferred revenue	-	-	-	-	-	-	110,574	-
Interfund Payables	-	-	-	-	-	-	-	-
Total Current Liabilities	169,538	64,767	291,834	86,785	493,669	69,249	287,182	92,679
LONG-TERM LIABILITIES								
Due to Affiliates	4,505	6,709	-	3,583,019	6,149,746	10,796	4,209	-
Deferred AHP Revenue	-	-	-	378,000	-	252,000	-	-
Development Fee Payable	-	-	-	185,425	2,380,216	-	-	-
Asset Management Fee Payable	-	5,000	-	34,977	212,463	-	-	-
Accrued Interest Payable - Long-Term	-	163,954	-	490,944	649,619	15,456	-	-
Pension Plan Liability	-	-	-	-	-	-	-	-
Long-Term Debt, Less Current Maturities and net of unamortized debt issuance costs	4,222,376	951,153	6,786,315	1,628,548	9,304,390	1,279,981	3,414,965	1,367,522
Total Long-Term Liabilities	4,226,881	1,126,816	6,786,315	6,300,913	18,696,434	1,558,233	3,419,174	1,367,522
Total Liabilities	4,396,419	1,191,583	7,078,149	6,387,698	19,190,103	1,627,482	3,706,356	1,460,201
NET ASSETS								
Net assets without donor restrictions	-	-	-	-	-	-	-	-
Capital Contribution	-	-	-	-	-	-	-	-
Partners' Capital (Deficit)	(632,605)	5,489,032	(1,904,505)	10,623,745	(2,663,852)	3,514,165	(288,980)	4,146,740
Net Assets Attributable to YES Housing, Inc. and Affiliates	(632,605)	5,489,032	(1,904,505)	10,623,745	(2,663,852)	3,514,165	(288,980)	4,146,740
Noncontrolling Interest	-	-	-	-	-	-	-	-
Total Net Assets	(632,605)	5,489,032	(1,904,505)	10,623,745	(2,663,852)	3,514,165	(288,980)	4,146,740
Total Liabilities and Net Assets	\$ 3,763,814	\$ 6,680,615	\$ 5,173,644	\$ 17,011,443	\$ 16,526,251	\$ 5,141,647	\$ 3,417,376	\$ 5,606,941

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

	New Leaf Community L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P., LLLP	Gallup Sunset Hills Apartments Limited Partnership	Wildewood Apartments Limited Partnership	Eliminations	Total
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 62,386	\$ -	\$ 55,798	\$ 577,479	\$ 629,904	\$ 118,669	\$ -	2,637,124
Restricted Cash and Cash Equivalents	35,568	-	10,306	23,146	23,538	22,370	-	1,545,342
Accounts Receivable - Affiliates	-	-	-	-	-	-	(427,956)	-
Construction Costs Receivable	-	-	-	-	-	-	(42,580)	-
Rents and Miscellaneous Receivables	3,464	-	4,465	9,977	9,377	5,179	-	150,408
Prepaid Expenses and Deposits	31,326	-	19,893	16,466	16,573	10,608	-	339,235
Interfund Receivables	-	-	-	-	-	-	(65,153)	-
Total Current Assets	132,744	-	90,462	627,068	679,392	156,826	(535,689)	4,672,109
WORK IN PROGRESS	-	-	-	-	51,607	-	-	51,607
PROPERTY, FURNITURE AND EQUIPMENT, NET	11,790,817	600,000	3,287,788	16,919,683	9,132,697	2,066,953	(11,137,968)	100,685,174
OTHER ASSETS								
Tax Credit Monitoring Fees, Net	58,775	-	6,820	86,750	55,344	-	-	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	337,547	-	85,260	-	800,545	212,788	-	5,216,082
Restricted Investments (457(b) Plan)	-	-	-	-	-	-	-	602,728
Total Other Assets	396,322	-	92,080	86,750	855,889	212,788	(18,167,864)	21,318,910
Total Assets	\$ 12,319,883	\$ 600,000	\$ 3,470,330	\$ 17,633,501	\$ 10,719,585	\$ 2,436,567	\$ (29,841,521)	\$ 126,727,800

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

	New Leaf Community Limited Partnership	Nuevo Atrisco Apartments L.P., LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P., LLLP	Gallup Sunset Hills Apartments Limited Partnership	Wildewood Apartments Limited Partnership	Eliminations	Total
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Long-Term Debt - Current Maturities and net of unamortized debt issuance costs	\$ 35,234	\$ -	\$ 13,390	\$ 10,345,660	\$ 84,432	\$ 66,965	\$ -	\$ 11,370,874
Accrued Interest Payable	7,114	-	4,378	34,326	6,615	10,075	-	284,352
Accounts Payable	8,838	-	2,931	307	3,629	14,183	(5,796)	292,633
Accrued Salaries and Payroll Taxes	-	-	-	-	-	-	-	173,551
Tenant Prepaid Rent	7,781	-	2,151	5,094	2,662	2,111	-	83,570
Other Accrued Expenses	40,197	-	27,820	1,188,809	22,375	9,940	(111,270)	1,578,208
Security Deposits	19,873	-	9,787	23,146	12,593	15,316	-	316,645
Deferred revenue	-	-	-	-	-	-	-	110,574
Interfund Payables	-	-	-	-	-	-	(65,153)	-
Total Current Liabilities	<u>119,037</u>	<u>-</u>	<u>60,457</u>	<u>11,597,342</u>	<u>132,306</u>	<u>118,590</u>	<u>(182,219)</u>	<u>14,210,407</u>
LONG-TERM LIABILITIES								
Due to Affiliates	1,442,219	-	164,515	2,400,000	-	4,027	(14,806,358)	8,392
Deferred AHP Revenue	-	-	-	-	-	-	(630,000)	-
Development Fee Payable	22,532	-	-	1,100,000	-	-	(2,975,357)	712,816
Asset Management Fee Payable	-	-	150,670	-	26,131	-	(408,509)	20,732
Accrued Interest Payable - Long-Term	-	-	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	2,238,960	-	1,359,918	790,000	2,399,921	2,624,775	-	57,107,995
Total Long-Term Liabilities	<u>3,703,711</u>	<u>-</u>	<u>1,960,133</u>	<u>4,290,000</u>	<u>2,426,052</u>	<u>2,628,802</u>	<u>(20,347,900)</u>	<u>58,987,346</u>
Total Liabilities	3,822,748	-	2,020,590	15,887,342	2,558,358	2,747,392	(20,530,119)	73,197,753
NET ASSETS								
Net assets without donor restrictions	-	-	-	-	-	-	(9,311,413)	15,751,413
Capital Contribution	-	600,000	-	1,496,285	-	-	(1,496,285)	600,000
Partners' Capital (Deficit)	8,497,135	-	1,449,740	249,874	8,161,227	(310,825)	(37,963,188)	(2,280,850)
Net Assets Attributable to YES Housing, Inc. and Affiliates	8,497,135	600,000	1,449,740	1,746,159	8,161,227	(310,825)	(48,770,886)	14,070,563
Noncontrolling Interest	-	-	-	-	-	-	39,459,484	39,459,484
Total Net Assets	<u>8,497,135</u>	<u>600,000</u>	<u>1,449,740</u>	<u>1,746,159</u>	<u>8,161,227</u>	<u>(310,825)</u>	<u>(9,311,402)</u>	<u>53,530,047</u>
Total Liabilities and Net Assets	<u>\$ 12,319,883</u>	<u>\$ 600,000</u>	<u>\$ 3,470,330</u>	<u>\$ 17,633,501</u>	<u>\$ 10,719,585</u>	<u>\$ 2,436,567</u>	<u>\$ (29,841,521)</u>	<u>\$ 126,727,800</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities
December 31, 2019

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
REVENUES AND OTHER SUPPORT						
Rent	\$ -	\$ -	\$ -	\$ 18,435	\$ -	\$ -
Contribution Revenue	20	-	80,000	-	18,997	70,107
Development Fees	-	-	1,209,000	-	-	-
Interest	451,823	-	61,128	-	8,176	-
Net Unrealized/Realized Gain (Loss)						
on Investments	1,234,387	-	-	-	-	-
Net realized gain (loss)						
on Capital Investments	(146,259)	-	-	-	-	-
Other Revenue	14	-	32,087	163,567	66,002	-
Property Management Fees	-	-	-	311,508	-	-
Construction Management Fees	-	-	20,000	-	-	-
Operating Transfers, Net	-	-	-	591,533	215,363	-
Total Revenue and Other Support	<u>1,539,985</u>	<u>-</u>	<u>1,402,215</u>	<u>1,085,043</u>	<u>308,538</u>	<u>70,107</u>
PERSONNEL EXPENSES						
Salaries and Wages	379,160	-	626,406	465,567	165,105	-
Payroll Taxes	27,153	-	48,598	37,063	13,468	-
Employee Benefits	127,710	-	175,403	174,807	45,343	-
Total Personnel Expenses	<u>534,023</u>	<u>-</u>	<u>850,407</u>	<u>677,437</u>	<u>223,916</u>	<u>-</u>
OTHER EXPENSES						
Depreciation and Amortization	93,503	-	1,596	4,747	-	-
Donations Expense	11,950	-	-	-	-	-
Duplication and Publishing	256	-	315	334	438	-
Equipment	749	-	3,417	4,676	1,145	-
Insurance	6,431	-	13,045	7,825	6,273	-
Interest	10,000	-	23,563	-	-	-
(Gain) loss on Disposal of Assets	(1,113)	-	16,560	-	-	-
Other Expenses	178,093	-	31,280	21,979	8,141	-
Predevelopment/Development Costs	-	-	8,648	1,500	-	-
Professional Fees	47,404	-	21,547	44,431	23,600	-
Property Management	-	-	-	-	-	-
Property Taxes	-	-	9,368	5,854	965	-
Rent	-	-	4,800	-	-	-
Repairs and Maintenance	2,042	-	17,490	14,826	2,403	-
Social Services	-	-	-	-	19,332	70,107
Telephone and Utilities	3,108	-	10,756	15,780	6,870	-
Training	1,074	-	1,100	6,936	1,502	-
Travel	98	-	16,335	5,556	21	-
Operating Transfers, Net	271,034	-	344,658	-	-	-
Total Other Expenses	<u>624,629</u>	<u>-</u>	<u>524,478</u>	<u>134,444</u>	<u>70,690</u>	<u>70,107</u>
Total Expenses	<u>1,158,652</u>	<u>-</u>	<u>1,374,885</u>	<u>811,881</u>	<u>294,606</u>	<u>70,107</u>
CHANGE IN NET ASSETS	381,333	-	27,330	273,162	13,932	-
Net Assets and Partners' Capital - Beginning of Year	22,037,108	-	2,530,904	402,353	757,596	-
Capital Contributions	(26,838)	-	-	-	-	-
Distributions	-	-	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 22,391,603</u>	<u>\$ -</u>	<u>\$ 2,558,234</u>	<u>\$ 675,515</u>	<u>\$ 771,528</u>	<u>\$ -</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2019

	Charter School	YES of Arizona, Inc.	La Hacienda LLC	Otero Village Apartments Limited Partnership	Vista Grande Apartments Limited Partnership	YES Housing Inc. 100% Owned Preconsolidated Subtotal
REVENUES AND OTHER SUPPORT						
Rent	\$ 110,574	\$ -	\$ 150,072	\$ 231,527	\$ 832,635	\$ 1,343,243
Contribution Revenue	-	-	-	-	-	169,124
Development Fees	-	-	-	-	-	1,209,000
Interest	-	-	573	78	90	521,868
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	1,234,387
Net realized gain (loss) on Capital Investments	-	162,120	-	-	-	15,861
Other Revenue	(2)	-	1,166	6,332	20,391	289,557
Property Management Fees	-	-	-	-	-	311,508
Construction Management Fees	-	-	-	-	-	20,000
Operating Transfers, Net	-	45,849	-	-	-	852,745
Total Revenue and Other Support	110,572	207,969	151,811	237,937	853,116	5,967,293
PERSONNEL EXPENSES						
Salaries and Wages	-	-	30,565	47,358	118,413	1,832,574
Payroll Taxes	-	-	5,163	5,326	20,752	157,523
Employee Benefits	-	-	-	-	-	523,263
Total Personnel Expenses	-	-	35,728	52,684	139,165	2,513,360
OTHER EXPENSES						
Depreciation and Amortization	48,043	-	99,813	119,327	175,531	542,560
Donations Expense	-	-	-	-	-	11,950
Duplication and Publishing	-	-	-	-	-	1,343
Equipment	-	-	-	-	-	9,987
Insurance	4,021	-	13,730	11,759	29,404	92,488
Interest	29,222	-	-	53,500	115,537	231,822
Loss on Disposal of Assets	361,842	-	634	10,650	2,714	391,287
Other Expenses	4,559	5,492	10,686	20,498	47,603	328,331
Predevelopment/Development Costs	-	-	-	-	-	10,148
Professional Fees	102	30,529	2,331	4,859	20,039	194,842
Property Management	-	-	19,500	15,478	32,547	67,525
Property Taxes	6,636	-	3,768	11,053	26,354	63,998
Rent	-	-	-	-	-	4,800
Repairs and Maintenance	-	-	10,073	52,413	153,623	252,870
Social Services	-	-	-	-	-	89,439
Telephone and Utilities	-	-	19,088	22,292	142,820	220,714
Training	-	1,442	335	180	1,255	13,824
Travel	-	3,387	-	-	22	25,419
Operating Transfers, Net	237,053	-	-	-	-	852,745
Total Other Expenses	691,478	40,850	179,958	322,009	747,449	3,406,092
Total Expenses	691,478	40,850	215,686	374,693	886,614	5,919,452
CHANGE IN NET ASSETS	(580,906)	167,119	(63,875)	(136,756)	(33,498)	47,841
Net Assets and Partners' Capital - Beginning of Year	579,297	(450,174)	(648,553)	555,128	(1,349,386)	24,414,273
Capital Contributions	-	-	-	26,838	-	-
Distributions	-	-	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ (1,609)</u>	<u>\$ (283,055)</u>	<u>\$ (712,428)</u>	<u>\$ 445,210</u>	<u>\$ (1,382,884)</u>	<u>\$ 24,462,114</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2019

	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Brentwood Gardens Apartments Limited Partnership	UR 205 Silver LLC (Imperial)	Los Tres Apartments L.P.	Mesa Del Norte Apartments Limited Partnership
REVENUES AND OTHER SUPPORT						
Rent	\$ 817,840	\$ 402,485	\$ 1,162,380	\$ 489,761	\$ 2,868,309	\$ 303,835
Contribution Revenue	62,078	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Interest	398	216	614	778	-	178
Net Unrealized/Realized Gain (Loss)						
on Investments	-	-	-	-	-	-
Net realized gain (loss)						
on Capital Investments	-	-	-	-	-	-
Other Revenue	2,466	8,070	5,244	30,204	568,975	5,433
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	<u>882,782</u>	<u>410,771</u>	<u>1,168,238</u>	<u>520,743</u>	<u>3,437,284</u>	<u>309,446</u>
PERSONNEL EXPENSES						
Salaries and Wages	64,665	65,112	86,832	79,631	379,274	59,895
Payroll Taxes	17,676	14,752	16,729	29,707	114,744	6,943
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	<u>82,341</u>	<u>79,864</u>	<u>103,561</u>	<u>109,338</u>	<u>494,018</u>	<u>66,838</u>
OTHER EXPENSES						
Depreciation and Amortization	183,022	338,184	223,690	495,553	699,539	222,653
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	20,957	27,891	26,210	38,513	69,922	11,335
Interest	217,586	72,379	345,506	238,620	500,569	42,754
Loss on Disposal of Assets	659	747	961	-	43,183	-
Other Expenses	22,286	22,662	32,462	33,312	33,984	16,624
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	11,806	14,436	11,990	16,202	47,202	12,748
Property Management	45,399	54,846	69,400	47,479	156,842	71,056
Property Taxes	20,386	14,998	55,894	11,837	159,233	18,874
Rent	-	-	-	-	-	-
Repairs and Maintenance	52,904	48,252	74,453	55,603	432,741	19,146
Social Services	68,136	6,097	6,361	9,166	-	-
Telephone and Utilities	41,921	50,286	51,777	65,834	566,562	32,844
Training	925	45	1,220	1,413	1,865	787
Travel	921	-	951	-	50	358
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	<u>686,908</u>	<u>650,823</u>	<u>900,875</u>	<u>1,013,532</u>	<u>2,711,692</u>	<u>449,179</u>
Total Expenses	<u>769,249</u>	<u>730,687</u>	<u>1,004,436</u>	<u>1,122,870</u>	<u>3,205,710</u>	<u>516,017</u>
CHANGE IN NET ASSETS	113,533	(319,916)	163,802	(602,127)	231,574	(206,571)
Net Assets and Partners' Capital - Beginning of Year	(632,605)	5,489,032	(1,904,505)	10,623,745	(2,663,852)	3,514,165
Capital Contributions	-	-	-	-	-	-
Distributions	(189,734)	(2,025)	(163,337)	-	-	(1,901)
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ (708,806)</u>	<u>\$ 5,167,091</u>	<u>\$ (1,904,040)</u>	<u>\$ 10,021,618</u>	<u>\$ (2,432,278)</u>	<u>\$ 3,305,693</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2019

	Montana Meadows Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	New Leaf Community L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Roswell Summit Apartments L.P.	Skyview Terrace L.P., LLLP
REVENUES AND OTHER SUPPORT						
Rent	\$ 756,539	\$ 348,925	\$ 619,999	\$ -	\$ 366,281	\$ -
Contribution Revenue	60,062	76,292	25	100,000	39,367	-
Development Fees	-	-	-	-	-	-
Interest	342	1,297	396	-	177	-
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net realized gain (loss) on Capital Investments	-	-	-	-	-	-
Other Revenue	170,032	1,570	18,891	-	2,468	-
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	<u>986,975</u>	<u>428,084</u>	<u>639,311</u>	<u>100,000</u>	<u>408,293</u>	<u>-</u>
PERSONNEL EXPENSES						
Salaries and Wages	51,113	63,561	75,732	-	53,717	-
Payroll Taxes	18,064	19,922	22,240	-	11,134	-
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	<u>69,177</u>	<u>83,483</u>	<u>97,972</u>	<u>-</u>	<u>64,851</u>	<u>-</u>
OTHER EXPENSES						
Depreciation and Amortization	159,924	179,508	432,690	-	149,871	-
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	22,706	20,706	32,323	-	22,549	-
Interest	176,454	36,727	93,287	-	92,342	-
Loss on Disposal of Assets	321	-	-	-	-	-
Other Expenses	22,362	14,310	26,170	-	12,564	-
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	12,424	12,905	14,571	-	14,087	-
Property Management	38,810	46,234	38,680	-	64,177	-
Property Taxes	28,183	12,764	27,555	-	15,274	-
Rent	-	-	-	-	-	-
Repairs and Maintenance	66,897	36,768	60,336	-	32,388	-
Social Services	66,062	76,562	199	-	45,367	-
Telephone and Utilities	44,045	9,963	42,956	-	19,655	-
Training	575	942	760	-	680	-
Travel	-	1,591	1,228	-	861	-
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	<u>638,763</u>	<u>448,980</u>	<u>770,755</u>	<u>-</u>	<u>469,815</u>	<u>-</u>
Total Expenses	<u>707,940</u>	<u>532,463</u>	<u>868,727</u>	<u>-</u>	<u>534,666</u>	<u>-</u>
CHANGE IN NET ASSETS	279,035	(104,379)	(229,416)	100,000	(126,373)	-
Net Assets and Partners' Capital - Beginning of Year	(288,980)	4,146,740	8,497,135	600,000	1,449,740	-
Capital Contributions	-	-	-	873,756	-	543,942
Distributions	(173,756)	(9,638)	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ (183,701)</u>	<u>\$ 4,032,723</u>	<u>\$ 8,267,719</u>	<u>\$ 1,573,756</u>	<u>\$ 1,323,367</u>	<u>\$ 543,942</u>

YES Housing, Inc. and Affiliates
Consolidating Statement of Activities (continued)
December 31, 2019

	Solar Villa Apartments L.P., LLLP	Gallup Sunset Hills Apartments Limited Partnership	Wildewood Apartments Limited Partnership	Eliminations	Total
REVENUES AND OTHER SUPPORT					
Rent	\$ 927,316	\$ 498,586	\$ 551,481	\$ -	\$ 11,456,980
Contribution Revenue	-	59,898	59,673	-	626,519
Development Fees	-	-	-	(1,209,000)	-
Interest	20	974	299	(185,805)	341,752
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	1,234,387
Net realized gain (loss) on Capital Investments	-	-	-	(15,861)	-
Other Revenue	15,269	4,221	1,991	(36,000)	1,088,391
Property Management Fees	-	-	-	(311,508)	-
Construction Management Fees	-	-	-	(20,000)	-
Operating Transfers, Net	-	-	-	(852,745)	-
Total Revenue and Other Support	942,605	563,679	613,444	(2,630,919)	14,748,029
PERSONNEL EXPENSES					
Salaries and Wages	80,948	59,671	47,948	-	3,000,673
Payroll Taxes	16,049	9,054	13,105	-	467,642
Employee Benefits	-	-	-	-	523,263
Total Personnel Expenses	96,997	68,725	61,053	-	3,991,578
OTHER EXPENSES					
Depreciation and Amortization	600,188	369,963	113,014	(355,570)	4,354,789
Donations Expense	-	-	-	-	11,950
Duplication and Publishing	-	-	-	-	1,343
Equipment	-	-	-	-	9,987
Insurance	26,613	19,489	14,590	-	446,292
Interest	368,292	47,456	137,526	(153,379)	2,447,941
Loss on Disposal of Assets	-	-	-	-	437,158
Other Expenses	41,395	15,861	17,986	-	640,309
Predevelopment/Development Costs	-	-	-	-	10,148
Professional Fees	14,574	12,393	10,337	-	400,517
Property Management	91,967	56,257	65,623	(249,861)	664,434
Property Taxes	79,284	28,094	18,539	-	554,913
Rent	-	-	-	-	4,800
Repairs and Maintenance	49,636	27,426	46,173	-	1,255,593
Social Services	11,993	60,289	59,673	(36,000)	463,344
Telephone and Utilities	114,403	19,623	34,312	-	1,314,895
Training	1,066	648	680	-	25,430
Travel	901	1,090	207	-	33,577
Operating Transfers, Net	-	-	-	(852,745)	-
Total Other Expenses	1,400,312	658,589	518,660	(1,647,555)	13,077,420
Total Expenses	1,497,309	727,314	579,713	(1,647,555)	17,068,998
CHANGE IN NET ASSETS	(554,704)	(163,635)	33,731	(983,364)	(2,320,969)
Net Assets and Partners' Capital - Beginning of Year	1,746,159	8,161,227	(310,825)	(9,311,402)	53,530,047
Capital Contributions	9,172,164	-	-	(363,746)	10,226,116
Distributions	-	-	(89,167)	61,601	(567,957)
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 10,363,619</u>	<u>\$ 7,997,592</u>	<u>\$ (366,261)</u>	<u>\$ (10,596,911)</u>	<u>\$ 60,867,237</u>

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

	General Fund	Payroll	Development Services	Asset Management	Social Services	Solar Villas Brentwood Gardens Grant
REVENUES AND OTHER SUPPORT						
Rent	\$ 15,747	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Revenue	-	-	600,000	-	10,495	-
Grant Revenue	-	-	-	-	-	71,468
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	<u>1,033,076</u>	<u>-</u>	<u>2,998,832</u>	<u>871,596</u>	<u>313,789</u>	<u>71,468</u>
PERSONNEL EXPENSES						
Salaries and Wages	372,326	-	606,767	450,663	157,303	47,639
Payroll Taxes	27,053	-	43,252	34,688	12,090	-
Employee Benefits	132,975	-	184,173	185,582	55,629	17,254
Total Personnel Expenses	<u>532,354</u>	<u>-</u>	<u>834,192</u>	<u>670,933</u>	<u>225,022</u>	<u>64,893</u>
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	4,524
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	755
Travel	162	-	12,754	4,094	1,869	1,296
Operating Transfers, Net	1,640,927	-	493,584	-	26,194	-
Total Other Expenses	<u>2,178,925</u>	<u>-</u>	<u>770,640</u>	<u>165,997</u>	<u>107,354</u>	<u>6,575</u>
Total Expenses	<u>2,711,279</u>	<u>-</u>	<u>1,604,832</u>	<u>836,930</u>	<u>332,376</u>	<u>71,468</u>
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	<u>\$ 22,037,108</u>	<u>\$ -</u>	<u>\$ 2,530,904</u>	<u>\$ 402,353</u>	<u>\$ 757,596</u>	<u>\$ -</u>

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

	Charter School	YES of Arizona, Inc.	La Hacienda LLC	Otero Village Apartments Limited Partnership	Solar Villa Apartments	Vista Grande Limited Limited Partnership	YES Housing Inc. 100% Owned Preconsolidated Subtotal
REVENUES AND OTHER SUPPORT							
Rent	\$ 109,398	\$ -	\$ 131,976	\$ 211,937	\$ -	\$ 737,583	\$ 1,206,641
Contribution Revenue	-	250,000	-	-	-	-	860,495
Grant Revenue	-	-	-	-	-	-	71,468
Development Fees	-	-	-	-	-	-	1,100,000
Interest	-	-	447	70	-	59	1,154,921
Net Unrealized/Realized Gain (Loss) on Investments	-	(101,857)	-	-	-	-	(249,268)
Net realized gain on capital investments	-	-	-	38,228	10,668	-	48,896
Other Revenue	-	-	1,281	5,716	-	10,592	76,532
Property Management Fees	-	-	-	-	-	-	197,745
Construction Management Fees	-	-	-	-	-	-	65,000
Operating Transfers, Net	-	38,157	-	-	243	-	2,200,829
Total Revenue and Other Support	109,398	186,300	133,704	255,951	10,911	748,234	6,733,259
PERSONNEL EXPENSES							
Salaries and Wages	-	-	30,262	55,297	-	111,001	1,831,258
Payroll Taxes	-	-	2,615	6,343	-	36,150	162,191
Employee Benefits	-	-	1,888	-	-	-	577,501
Total Personnel Expenses	-	-	34,765	61,640	-	147,151	2,570,950
OTHER EXPENSES							
Depreciation and Amortization	46,139	-	98,678	108,214	-	185,952	549,892
Donations Expense	-	-	-	-	-	-	271,072
Duplication and Publishing	-	-	-	-	-	-	1,590
Equipment	-	-	-	-	-	-	14,117
Insurance	2,035	-	12,308	10,224	-	24,248	79,809
Interest	38,797	-	-	49,756	-	183,578	309,947
Loss on Disposal of Assets	-	-	707	-	-	2,980	25,023
Other Expenses	10	2,628	8,817	22,239	-	50,342	342,838
Predevelopment/Development Costs	-	-	-	-	-	-	-
Professional Fees	436	32,143	4,345	3,559	-	17,667	246,310
Property Management	-	-	19,500	14,529	-	50,115	97,846
Property Taxes	6,713	-	3,622	10,770	-	25,384	63,589
Rent	-	-	-	-	-	-	4,800
Repairs and Maintenance	-	-	12,994	27,363	-	100,404	166,249
Social Services	-	-	-	-	-	-	-
Telephone and Utilities	-	-	15,359	28,411	-	154,446	241,895
Training	-	1,283	-	435	-	2,615	13,379
Travel	-	2,209	-	-	-	22	22,406
Operating Transfers, Net	39,881	-	-	-	243	-	2,200,829
Total Other Expenses	134,011	38,263	176,330	275,500	243	797,753	4,651,591
Total Expenses	134,011	38,263	211,095	337,140	243	944,904	7,222,541
CHANGE IN NET ASSETS	(24,613)	148,037	(77,391)	(81,189)	10,668	(196,670)	(489,282)
Net Assets and Partners' Capital - Beginning of Year	603,910	(598,211)	(571,162)	499,950	(10,668)	(1,998,960)	24,833,664
Capital Contributions	-	-	-	136,367	-	846,244	69,891
Distributions	-	-	-	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 579,297</u>	<u>\$ (450,174)</u>	<u>\$ (648,553)</u>	<u>\$ 555,128</u>	<u>\$ -</u>	<u>\$ (1,349,386)</u>	<u>\$ 24,414,273</u>

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

	Apple Ridge Apartments Limited Partnership	Bella Vista Townhomes L.P.	Brentwood Gardens Apartments Limited Partnership	UR 205 Silver LLC (Imperial)	Los Tres Apartments L.P.	Mesa Del Norte Apartments Limited Partnership
REVENUES AND OTHER SUPPORT						
Rent	\$ 803,179	\$ 401,045	\$ 1,155,487	\$ 454,460	\$ 2,744,786	\$ 293,078
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	59,379	-	-	-	-	-
Development Fees	-	-	-	-	-	-
Interest	-	183	-	256	22	114
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-	-
Other Revenue	4,876	10,037	5,061	16,920	66,681	6,066
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	<u>867,434</u>	<u>411,265</u>	<u>1,160,548</u>	<u>471,636</u>	<u>2,811,489</u>	<u>299,258</u>
PERSONNEL EXPENSES						
Salaries and Wages	65,241	72,371	86,389	42,787	364,699	59,367
Payroll Taxes	20,896	11,062	27,817	30,554	111,405	19,519
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	<u>86,137</u>	<u>83,433</u>	<u>114,206</u>	<u>73,341</u>	<u>476,104</u>	<u>78,886</u>
OTHER EXPENSES						
Depreciation and Amortization	181,272	338,490	222,545	495,367	674,683	223,251
Donations Expense	-	-	-	-	-	-
Duplication and Publishing Equipment	-	-	-	-	-	-
Insurance	17,969	22,799	19,484	38,194	55,287	9,458
Interest	222,424	72,530	353,857	234,269	426,180	43,535
Loss on Disposal of Assets	537	619	1,175	-	13,172	-
Other Expenses	17,352	26,171	30,007	23,087	95,602	7,370
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	9,034	16,453	14,981	18,899	19,315	11,915
Property Management	43,407	38,702	93,408	39,963	152,090	26,393
Property Taxes	20,554	15,031	55,423	12,276	152,670	18,614
Rent	-	-	-	-	-	-
Repairs and Maintenance	62,432	49,258	81,480	104,674	358,449	12,723
Social Services	65,431	6,000	6,053	-	-	5,570
Telephone and Utilities	44,438	55,512	56,188	60,135	531,503	31,457
Training	903	-	1,058	181	1,952	606
Travel	326	1,125	378	-	7	525
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	<u>686,079</u>	<u>642,690</u>	<u>936,037</u>	<u>1,027,045</u>	<u>2,480,910</u>	<u>391,417</u>
Total Expenses	<u>772,216</u>	<u>726,123</u>	<u>1,050,243</u>	<u>1,100,386</u>	<u>2,957,014</u>	<u>470,303</u>
CHANGE IN NET ASSETS	95,218	(314,858)	110,305	(628,750)	(145,525)	(171,045)
Net Assets and Partners' Capital - Beginning of Year	(582,121)	5,804,215	(1,880,007)	11,252,495	(2,518,327)	3,685,210
Capital Contributions	-	-	-	-	-	-
Distributions	(145,702)	(325)	(134,803)	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ (632,605)</u>	<u>\$ 5,489,032</u>	<u>\$ (1,904,505)</u>	<u>\$ 10,623,745</u>	<u>\$ (2,663,852)</u>	<u>\$ 3,514,165</u>

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

	Montana Meadows Apartments Limited Partnership	YES Deming Mountain View Apartments, LLLP	New Leaf Community L.P., LLLP	Nuevo Atrisco Apartments L.P., LLLP	Roswell Summit Apartments L.P.	Solar Villa Apartments L.P., LLLP
REVENUES AND OTHER SUPPORT						
Rent	\$ 740,361	\$ 345,784	\$ 510,227	\$ -	\$ 359,304	\$ 588,648
Contribution Revenue	-	-	-	-	-	-
Grant Revenue	58,535	73,490	-	-	34,171	-
Development Fees	-	-	-	-	-	-
Interest	335	1,019	336	-	125	-
Net Unrealized/Realized Gain (Loss) on Investments	-	-	-	-	-	-
Net realized gain on capital investments	-	-	-	-	-	-
Other Revenue	4,503	241	17,159	-	2,929	11,689
Property Management Fees	-	-	-	-	-	-
Construction Management Fees	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-
Total Revenue and Other Support	803,734	420,534	527,722	-	396,529	600,337
PERSONNEL EXPENSES						
Salaries and Wages	50,382	58,658	77,661	-	48,680	121,503
Payroll Taxes	15,180	18,421	21,899	-	10,176	-
Employee Benefits	-	-	-	-	-	-
Total Personnel Expenses	65,562	77,079	99,560	-	58,856	121,503
OTHER EXPENSES						
Depreciation and Amortization	146,090	201,945	431,770	-	149,015	110,255
Donations Expense	-	-	-	-	-	-
Duplication and Publishing	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Insurance	18,647	17,608	25,693	-	19,461	15,402
Interest	192,590	38,328	95,498	-	93,214	301,302
Loss on Disposal of Assets	-	-	-	-	-	-
Other Expenses	19,400	26,330	27,448	-	15,918	21,360
Predevelopment/Development Costs	-	-	-	-	-	-
Professional Fees	9,822	11,673	23,046	-	11,392	56,925
Property Management	44,086	45,583	28,973	-	65,768	45,915
Property Taxes	27,982	13,206	27,694	-	14,693	-
Rent	-	-	-	-	-	-
Repairs and Maintenance	45,703	31,295	58,141	-	38,188	56,549
Social Services	64,982	73,490	1,106	-	40,171	5,659
Telephone and Utilities	43,014	10,714	37,528	-	20,379	90,958
Training	1,138	1,138	617	-	1,228	762
Travel	-	-	336	-	943	-
Operating Transfers, Net	-	-	-	-	-	-
Total Other Expenses	613,454	471,310	757,850	-	470,370	705,087
Total Expenses	679,016	548,389	857,410	-	529,226	826,590
CHANGE IN NET ASSETS	124,718	(127,855)	(329,688)	-	(132,697)	(226,253)
Net Assets and Partners' Capital - Beginning of Year	(227,681)	4,309,040	8,826,823	-	1,582,437	476,127
Capital Contributions	-	-	-	600,000	-	1,496,285
Distributions	(186,017)	(34,445)	-	-	-	-
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ (288,980)</u>	<u>\$ 4,146,740</u>	<u>\$ 8,497,135</u>	<u>\$ 600,000</u>	<u>\$ 1,449,740</u>	<u>\$ 1,746,159</u>

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

	Gallup Sunset Hills Apartments Limited Partnership	Wildewood Apartments Limited Partnership	Eliminations	Total
REVENUES AND OTHER SUPPORT				
Rent	\$ 498,653	\$ 543,704	\$ -	\$ 10,645,357
Contribution Revenue	-	-	(250,000)	610,495
Grant Revenue	52,455	50,564	-	400,062
Development Fees	-	-	(1,100,000)	-
Interest	725	278	(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	5,737	1,391	(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>557,570</u>	<u>595,937</u>	<u>(4,677,379)</u>	<u>11,979,873</u>
PERSONNEL EXPENSES				
Salaries and Wages	58,434	48,509	-	2,985,939
Payroll Taxes	1,175	14,340	-	464,635
Employee Benefits	2,958	-	-	580,459
Total Personnel Expenses	<u>62,567</u>	<u>62,849</u>	<u>-</u>	<u>4,031,033</u>
OTHER EXPENSES				
Depreciation and Amortization	426,922	110,747	(1,272,152)	2,990,092
Donations Expense	-	-	(250,000)	21,072
Duplication and Publishing	-	-	-	1,590
Equipment	-	-	-	14,117
Insurance	16,227	11,447	-	367,485
Interest	52,904	140,270	(240,256)	2,336,592
Loss on Disposal of Assets	-	496	-	41,022
Other Expenses	19,120	9,749	-	681,752
Predevelopment/Development Costs	-	-	-	-
Professional Fees	11,254	10,064	-	471,083
Property Management	57,610	33,475	(140,817)	672,402
Property Taxes	28,208	17,928	-	467,868
Rent	-	-	-	4,800
Repairs and Maintenance	20,304	27,425	-	1,112,870
Social Services	52,455	50,564	(36,000)	335,481
Telephone and Utilities	21,728	32,315	-	1,277,764
Training	-	721	-	23,683
Travel	2,187	-	-	28,233
Operating Transfers, Net	-	-	(2,200,829)	-
Total Other Expenses	<u>708,919</u>	<u>445,201</u>	<u>(4,140,054)</u>	<u>10,847,906</u>
Total Expenses	<u>771,486</u>	<u>508,050</u>	<u>(4,140,054)</u>	<u>14,878,939</u>
CHANGE IN NET ASSETS	(213,916)	87,887	(537,325)	(2,899,066)
Net Assets and Partners' Capital - Beginning of Year	8,375,143	(296,150)	(8,230,975)	55,409,893
Capital Contributions	-	-	(600,003)	1,566,173
Distributions	-	(102,562)	56,901	(546,953)
NET ASSETS AND PARTNERS' CAPITAL - END OF YEAR	<u>\$ 8,161,227</u>	<u>\$ (310,825)</u>	<u>\$ (9,311,402)</u>	<u>\$ 53,530,047</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, 2019, 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 June 24, 2020.

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 \$59,673, \$60,062, \$59,898, \$62,078, \$76,292, and \$39,367, 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
June 24, 2020