



**THE SOMERVILLE COMMUNITY CORPORATION, INC.
AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

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December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors of
The Somerville Community Corporation, Inc. and Affiliates:

Opinion

We have audited the consolidating financial statements of The Somerville Community Corporation, Inc. (a Massachusetts corporation, not for profit) and Affiliates (collectively, the Agency), which comprise the consolidating statements of financial position as of December 31, 2024 and 2023, and the related consolidating statements of activities, changes in entities' equity (deficit), cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of The Somerville Community Corporation, Inc. and Affiliates as of December 31, 2024 and 2023, and the changes in their entities' equity (deficit) and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the consolidating financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidating financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidating financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The supplementary information shown on pages 37 through 41 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information shown on pages 37 through 41 is fairly stated in all material respects in relation to the consolidating financial statements as a whole.

AAFCPA, Inc.

Boston, Massachusetts
July 22, 2025

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2024

(With Summarized Comparative Totals as of December 31, 2023)

Assets	2024						2023
	SCC			Rental (Exhibit A)	Eliminations	Total	Total
	Operating	Housing Development	Total				
Current Assets:							
Cash	\$ 262,754	\$ 583,925	\$ 846,679	\$ 2,775,337	\$ -	\$ 3,622,016	\$ 2,975,443
Current portion of restricted cash	-	-	-	196,075	-	196,075	210,090
Grants and rent receivable, net	291,789	-	291,789	111,591	-	403,380	642,188
Accounts receivable	267,040	-	267,040	-	-	267,040	137,501
Due from related parties	271,068	-	271,068	115,221	(386,289)	-	-
Current portion of notes receivable - related party	1,655	-	1,655	-	(1,655)	-	-
Prepaid expenses	29,206	3,000	32,206	286,488	-	318,694	286,048
Property held for sale	-	-	-	-	-	-	521,603
Total current assets	<u>1,123,512</u>	<u>586,925</u>	<u>1,710,437</u>	<u>3,484,712</u>	<u>(387,944)</u>	<u>4,807,205</u>	<u>4,772,873</u>
Restricted Cash, net of current portion	-	-	-	2,866,187	-	2,866,187	2,760,819
Property and Equipment:							
Land	-	-	-	23,648,173	-	23,648,173	23,648,173
Land improvements	-	-	-	3,180,117	-	3,180,117	3,172,422
Buildings and improvements	1,399,411	-	1,399,411	82,334,172	-	83,733,583	83,586,191
Furniture and equipment	15,028	-	15,028	2,025,987	-	2,041,015	1,903,241
	1,414,439	-	1,414,439	111,188,449	-	112,602,888	112,310,027
Less - accumulated depreciation	335,129	-	335,129	28,257,573	-	28,592,702	26,245,880
Net property and equipment	<u>1,079,310</u>	<u>-</u>	<u>1,079,310</u>	<u>82,930,876</u>	<u>-</u>	<u>84,010,186</u>	<u>86,064,147</u>
Other Assets:							
Right-of-use operating lease assets	531,522	-	531,522	-	(525,101)	6,421	12,755
Projects under development	-	4,920,070	4,920,070	36,317	-	4,956,387	2,916,988
Due (to) from funds	349,876	-	349,876	(349,876)	-	-	-
Capitalized costs, net	-	-	-	8,158	-	8,158	12,880
Notes receivable - related party, net of valuation allowance	20,997	-	20,997	-	(20,997)	-	-
Total other assets	<u>902,395</u>	<u>4,920,070</u>	<u>5,822,465</u>	<u>(305,401)</u>	<u>(546,098)</u>	<u>4,970,966</u>	<u>2,942,623</u>
Total assets	<u>\$ 3,105,217</u>	<u>\$ 5,506,995</u>	<u>\$ 8,612,212</u>	<u>\$ 88,976,374</u>	<u>\$ (934,042)</u>	<u>\$ 96,654,544</u>	<u>\$ 96,540,462</u>
Liabilities and Entities' Equity (Deficit)							
Current Liabilities:							
Lines of credit	\$ 450,000	\$ 490,000	\$ 940,000	\$ -	\$ -	\$ 940,000	\$ 926,948
Current portion of long-term debt	43,686	-	43,686	794,248	(1,655)	836,279	798,817
Current portion of contingent debt and deferred interest	-	1,000,000	1,000,000	445,287	-	1,445,287	819,079
Accounts payable and accrued expenses	372,263	299,934	672,197	1,741,067	-	2,413,264	2,766,917
Current portion of conditional grant advances	-	-	-	-	-	-	128,092
Current portion of lease liability	114,788	-	114,788	-	(108,367)	6,421	6,334
Due to related parties	115,221	-	115,221	271,068	(386,289)	-	-
Total current liabilities	<u>1,095,958</u>	<u>1,789,934</u>	<u>2,885,892</u>	<u>3,251,670</u>	<u>(496,311)</u>	<u>5,641,251</u>	<u>5,446,187</u>
Long-Term Liabilities:							
Long-term debt, net	848,593	-	848,593	27,492,266	(20,997)	28,319,862	29,112,998
Lease liability, net of current portion	432,925	-	432,925	-	(432,925)	-	6,422
Conditional grant advances, net current portion	-	-	-	10,221,321	-	10,221,321	10,221,321
Total long-term liabilities	<u>1,281,518</u>	<u>-</u>	<u>1,281,518</u>	<u>37,713,587</u>	<u>(453,922)</u>	<u>38,541,183</u>	<u>39,340,741</u>
Contingent Debt and Deferred Interest, net of current portion	-	5,015,426	5,015,426	42,240,375	(4,351,901)	42,903,900	41,412,706
Total liabilities	<u>2,377,476</u>	<u>6,805,360</u>	<u>9,182,836</u>	<u>83,205,632</u>	<u>(5,302,134)</u>	<u>87,086,334</u>	<u>86,199,634</u>
Net Assets:							
Net assets without donor restrictions:							
Operating	450,552	-	450,552	1,932,994	-	2,383,546	1,730,228
Property and equipment	209,683	-	209,683	3,837,748	(7,186,079)	(3,138,648)	(2,142,439)
Housing development	-	(1,298,365)	(1,298,365)	-	-	(1,298,365)	(1,480,813)
Total net assets without donor restrictions	<u>660,235</u>	<u>(1,298,365)</u>	<u>(638,130)</u>	<u>5,770,742</u>	<u>(7,186,079)</u>	<u>(2,053,467)</u>	<u>(1,893,024)</u>
Net assets with donor restrictions	67,506	-	67,506	-	-	67,506	17,506
Total SCC entities' net assets	<u>727,741</u>	<u>(1,298,365)</u>	<u>(570,624)</u>	<u>5,770,742</u>	<u>(7,186,079)</u>	<u>(1,985,961)</u>	<u>(1,875,518)</u>
Non-controlling interest							
Total SCC entities' net assets	-	-	-	-	11,554,171	11,554,171	12,216,346
Total SCC entities' net assets	<u>727,741</u>	<u>(1,298,365)</u>	<u>(570,624)</u>	<u>5,770,742</u>	<u>4,368,092</u>	<u>9,568,210</u>	<u>10,340,828</u>
Total liabilities and net assets	<u>\$ 3,105,217</u>	<u>\$ 5,506,995</u>	<u>\$ 8,612,212</u>	<u>\$ 88,976,374</u>	<u>\$ (934,042)</u>	<u>\$ 96,654,544</u>	<u>\$ 96,540,462</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statement of Financial Position
December 31, 2023

Assets	SCC			Rental (Exhibit A)	Eliminations	Total
	Operating	Housing Development	Total			
Current Assets:						
Cash	\$ -	\$ 640,660	\$ 640,660	\$ 2,334,783	\$ -	\$ 2,975,443
Current portion of restricted cash	-	-	-	210,090	-	210,090
Grants and rent receivable, net	328,131	-	328,131	314,057	-	642,188
Accounts receivable	137,501	-	137,501	-	-	137,501
Due from related parties	326,866	-	326,866	57,681	(384,547)	-
Current portion of notes receivable - related party	1,575	-	1,575	-	(1,575)	-
Prepaid expenses	18,522	3,000	21,522	264,526	-	286,048
Property held for sale	-	521,603	521,603	-	-	521,603
Total current assets	<u>812,595</u>	<u>1,165,263</u>	<u>1,977,858</u>	<u>3,181,137</u>	<u>(386,122)</u>	<u>4,772,873</u>
Restricted Cash, net of current portion	-	-	-	2,760,819	-	2,760,819
Property and Equipment:						
Land	-	-	-	23,648,173	-	23,648,173
Land improvements	-	-	-	3,172,422	-	3,172,422
Buildings and improvements	1,399,411	-	1,399,411	82,186,780	-	83,586,191
Furniture and equipment	-	-	-	1,903,241	-	1,903,241
	<u>1,399,411</u>	<u>-</u>	<u>1,399,411</u>	<u>110,910,616</u>	<u>-</u>	<u>112,310,027</u>
Less - accumulated depreciation	298,341	-	298,341	25,947,539	-	26,245,880
Net property and equipment	<u>1,101,070</u>	<u>-</u>	<u>1,101,070</u>	<u>84,963,077</u>	<u>-</u>	<u>86,064,147</u>
Other Assets:						
Right-of-use operating lease assets	645,486	-	645,486	-	(632,731)	12,755
Projects under development	-	2,880,671	2,880,671	36,317	-	2,916,988
Due (to) from funds	390,613	-	390,613	(390,613)	-	-
Capitalized costs, net	-	-	-	12,880	-	12,880
Notes receivable - related party, net of valuation allowance	22,645	-	22,645	-	(22,645)	-
Total other assets	<u>1,058,744</u>	<u>2,880,671</u>	<u>3,939,415</u>	<u>(341,416)</u>	<u>(655,376)</u>	<u>2,942,623</u>
Total assets	<u>\$ 2,972,409</u>	<u>\$ 4,045,934</u>	<u>\$ 7,018,343</u>	<u>\$ 90,563,617</u>	<u>\$ (1,041,498)</u>	<u>\$ 96,540,462</u>
Liabilities and Entities' Equity (Deficit)						
Current Liabilities:						
Lines of credit	\$ 200,000	\$ 726,948	\$ 926,948	\$ -	\$ -	\$ 926,948
Current portion of long-term debt	42,262	-	42,262	758,130	(1,575)	798,817
Current portion of contingent debt and deferred interest	-	-	-	819,079	-	819,079
Accounts payable and accrued expenses	570,655	644,252	1,214,907	1,552,010	-	2,766,917
Current portion of conditional grant advances	128,092	-	128,092	-	-	128,092
Current portion of lease liability	110,780	-	110,780	-	(104,446)	6,334
Current portion of due to related parties	57,681	-	57,681	326,866	(384,547)	-
Total current liabilities	<u>1,109,470</u>	<u>1,371,200</u>	<u>2,480,670</u>	<u>3,456,085</u>	<u>(490,568)</u>	<u>5,446,187</u>
Long-Term Liabilities:						
Long-term debt, net	891,934	-	891,934	28,243,709	(22,645)	29,112,998
Lease liability, net of current portion	547,713	-	547,713	-	(541,291)	6,422
Conditional grant advance	-	-	-	10,221,321	-	10,221,321
Due to related parties, net of current portion	-	-	-	195,000	(195,000)	-
Total long-term liabilities	<u>1,439,647</u>	<u>-</u>	<u>1,439,647</u>	<u>38,660,030</u>	<u>(758,936)</u>	<u>39,340,741</u>
Contingent Debt and Deferred Interest, net of current portion	-	4,155,547	4,155,547	42,642,256	(5,385,097)	41,412,706
Total liabilities	<u>2,549,117</u>	<u>5,526,747</u>	<u>8,075,864</u>	<u>84,758,371</u>	<u>(6,634,601)</u>	<u>86,199,634</u>
Net Assets:						
Net assets without donor restrictions:						
Operating	214,692	-	214,692	1,515,536	-	1,730,228
Property and equipment	191,094	-	191,094	4,289,710	(6,623,243)	(2,142,439)
Housing development	-	(1,480,813)	(1,480,813)	-	-	(1,480,813)
Total net assets without donor restrictions	<u>405,786</u>	<u>(1,480,813)</u>	<u>(1,075,027)</u>	<u>5,805,246</u>	<u>(6,623,243)</u>	<u>(1,893,024)</u>
Net assets with donor restrictions	17,506	-	17,506	-	-	17,506
Total SCC entities' net assets	<u>423,292</u>	<u>(1,480,813)</u>	<u>(1,057,521)</u>	<u>5,805,246</u>	<u>(6,623,243)</u>	<u>(1,875,518)</u>
Non-controlling interest	-	-	-	-	12,216,346	12,216,346
Total SCC entities' net assets	<u>423,292</u>	<u>(1,480,813)</u>	<u>(1,057,521)</u>	<u>5,805,246</u>	<u>5,593,103</u>	<u>10,340,828</u>
Total liabilities and net assets	<u>\$ 2,972,409</u>	<u>\$ 4,045,934</u>	<u>\$ 7,018,343</u>	<u>\$ 90,563,617</u>	<u>\$ (1,041,498)</u>	<u>\$ 96,540,462</u>

The accompanying notes are an integral part of these consolidating statements.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statement of Activities

For the Year Ended December 31, 2024

(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	2024			2023	
	SCC Operating and Housing Development	Rental (Exhibit B)	Eliminations	Total	Total
Changes in Net Assets Without Donor Restrictions:					
Operating revenues:					
Rental income, net of vacancies of approximately \$463,000	\$ 188,112	\$ 7,896,236	\$ (168,072)	\$ 7,916,276	\$ 7,284,037
Grants and government contracts	834,387	-	-	834,387	611,618
Contributions	351,387	-	-	351,387	317,471
Interest and other income	78,258	178,954	(40,696)	216,516	315,790
Gain on sale of property	187,038	-	-	187,038	-
Developer fees	129,539	-	-	129,539	129,539
Program service and management fees	279,968	-	(265,504)	14,464	19,571
Net assets released from purpose restrictions	-	-	-	-	49,662
Total operating revenues	<u>2,048,689</u>	<u>8,075,190</u>	<u>(474,272)</u>	<u>9,649,607</u>	<u>8,727,688</u>
Operating expenses:					
Asset Building	918,137	-	-	918,137	512,875
Community Organizing	9,386	-	-	9,386	93,165
Housing Development and Asset Management	478,184	-	-	478,184	513,996
Rental	-	6,013,645	(172,425)	5,841,220	5,674,926
General and Administrative	413,335	-	-	413,335	519,065
Fundraising	202,288	-	-	202,288	170,470
Total operating expenses before depreciation and amortization and interest - amortization	<u>2,021,330</u>	<u>6,013,645</u>	<u>(172,425)</u>	<u>7,862,550</u>	<u>7,484,497</u>
Depreciation and amortization	36,788	2,314,756	-	2,351,544	2,421,061
Interest - amortization	-	39,008	-	39,008	39,258
Total operating expenses	<u>2,058,118</u>	<u>8,367,409</u>	<u>(172,425)</u>	<u>10,253,102</u>	<u>9,944,816</u>
Changes in net assets without donor restrictions from operations	<u>(9,429)</u>	<u>(292,219)</u>	<u>(301,847)</u>	<u>(603,495)</u>	<u>(1,217,128)</u>
Other revenues (expenses):					
Gain (loss) on insurance claim	251,326	(22,403)	-	228,923	8,422
Forgiveness of debt	-	1,257,416	(1,218,488)	38,928	-
Recovery of due from related party	195,000	-	(195,000)	-	-
Incentive management fee	-	(240,504)	240,504	-	-
Partnership management and investor reporting fee	-	(53,710)	25,000	(28,710)	(27,895)
Deferred interest	-	(588,327)	185,292	(403,035)	(390,468)
Total other revenues (expenses)	<u>446,326</u>	<u>352,472</u>	<u>(962,692)</u>	<u>(163,894)</u>	<u>(409,941)</u>
Changes in net assets without donor restrictions	<u>436,897</u>	<u>60,253</u>	<u>(1,264,539)</u>	<u>(767,389)</u>	<u>(1,627,069)</u>
Changes in Net Assets With Donor Restrictions:					
Grants	50,000	-	-	50,000	50,000
Net assets released from restrictions	-	-	-	-	(49,662)
Changes in net assets with donor restrictions	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>338</u>
Changes in net assets	486,897	60,253	(1,264,539)	(717,389)	(1,626,731)
Changes in Net Assets Attributable to Non-controlling Interest					
Changes in net assets attributable to SCC	<u>\$ 486,897</u>	<u>\$ 667,199</u>	<u>\$ (1,264,539)</u>	<u>\$ (110,443)</u>	<u>\$ (882,704)</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statement of Activities
For the Year Ended December 31, 2023

	<u>SCC</u>			
	<u>Operating and Housing Development</u>	<u>Rental (Exhibit B)</u>	<u>Eliminations</u>	<u>Total</u>
Changes in Net Assets Without Donor Restrictions:				
Operating revenues:				
Rental income, net of vacancies of approximately \$105,000	\$ 180,884	\$ 7,263,340	\$ (160,187)	\$ 7,284,037
Grants and government contracts	611,618	-	-	611,618
Contributions	317,471	-	-	317,471
Interest and other income	262,964	184,052	(131,226)	315,790
Developer fees	129,539	-	-	129,539
Program service and management fees	282,603	-	(263,032)	19,571
Net assets released from purpose restrictions	49,662	-	-	49,662
Total operating revenues	<u>1,834,741</u>	<u>7,447,392</u>	<u>(554,445)</u>	<u>8,727,688</u>
Operating expenses:				
Asset Building	512,875	-	-	512,875
Community Organizing	93,165	-	-	93,165
Housing Development and Asset Management	513,996	-	-	513,996
Rental	-	5,841,776	(166,850)	5,674,926
General and Administrative	519,065	-	-	519,065
Fundraising	170,470	-	-	170,470
Total operating expenses before depreciation and amortization and interest - amortization	<u>1,809,571</u>	<u>5,841,776</u>	<u>(166,850)</u>	<u>7,484,497</u>
Depreciation and amortization	36,788	2,384,273	-	2,421,061
Interest - amortization	-	39,258	-	39,258
Total operating expenses	<u>1,846,359</u>	<u>8,265,307</u>	<u>(166,850)</u>	<u>9,944,816</u>
Changes in net assets without donor restrictions from operations	<u>(11,618)</u>	<u>(817,915)</u>	<u>(387,595)</u>	<u>(1,217,128)</u>
Other revenues (expenses):				
Gain on insurance claim	-	8,422	-	8,422
Incentive management fee	-	(238,032)	238,032	-
Partnership management and investor reporting fee	-	(52,895)	25,000	(27,895)
Deferred interest	-	(573,157)	182,689	(390,468)
Total other revenues (expenses)	<u>-</u>	<u>(855,662)</u>	<u>445,721</u>	<u>(409,941)</u>
Changes in net assets without donor restrictions	<u>(11,618)</u>	<u>(1,673,577)</u>	<u>58,126</u>	<u>(1,627,069)</u>
Changes in Net Assets With Donor Restrictions:				
Grants	50,000	-	-	50,000
Net assets released from restrictions	(49,662)	-	-	(49,662)
Changes in net assets with donor restrictions	<u>338</u>	<u>-</u>	<u>-</u>	<u>338</u>
Changes in net assets	<u>(11,280)</u>	<u>(1,673,577)</u>	<u>58,126</u>	<u>(1,626,731)</u>
Changes in Net Assets Attributable to Non-controlling Interest				
	<u>-</u>	<u>744,027</u>	<u>-</u>	<u>744,027</u>
Changes in net assets attributable to SCC	<u>\$ (11,280)</u>	<u>\$ (929,550)</u>	<u>\$ 58,126</u>	<u>\$ (882,704)</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statements of Changes in Entities' Equity (Deficit)
For the Years Ended December 31, 2024 and 2023

	SCC			Rental (Exhibit C)	Eliminations	Total	Non- Controlling Interest	Total
	Without Donor Restrictions	With Donor Restrictions	Total					
Net Assets, December 31, 2022	\$ (1,063,409)	\$ 17,168	\$ (1,046,241)	\$ 7,547,343	\$ (7,493,916)	\$ (992,814)	\$ 12,972,015	\$ 11,979,201
Distributions	-	-	-	(68,520)	68,520	-	(11,642)	(11,642)
Changes in net assets	(11,618)	338	(11,280)	(1,673,577)	802,153	(882,704)	(744,027)	(1,626,731)
Net Assets, December 31, 2023	(1,075,027)	17,506	(1,057,521)	5,805,246	(6,623,243)	(1,875,518)	12,216,346	10,340,828
Distributions	-	-	-	(94,757)	94,757	-	(55,229)	(55,229)
Changes in net assets	436,897	50,000	486,897	60,253	(657,593)	(110,443)	(606,946)	(717,389)
Net Assets, December 31, 2024	<u>\$ (638,130)</u>	<u>\$ 67,506</u>	<u>\$ (570,624)</u>	<u>\$ 5,770,742</u>	<u>\$ (7,186,079)</u>	<u>\$ (1,985,961)</u>	<u>\$ 11,554,171</u>	<u>\$ 9,568,210</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024				2023			
	SCC	Rental Properties	Eliminations	Total	SCC	Rental Properties	Eliminations	Total
Cash Flows from Operating Activities:								
Changes in net assets	\$ 486,897	\$ 60,253	\$ (1,264,539)	\$ (717,389)	\$ (11,280)	\$ (1,673,577)	\$ 58,126	\$ (1,626,731)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:								
Depreciation and amortization	36,788	2,314,756	-	2,351,544	36,788	2,384,273	-	2,421,061
Interest - amortization	-	39,008	-	39,008	-	39,258	-	39,258
Bad debts	-	180,005	-	180,005	121,633	238,267	-	359,900
Forgiveness of debt	-	(1,257,416)	1,218,488	(38,928)	-	-	-	-
Deferred interest	-	588,327	(185,292)	403,035	-	573,157	(182,689)	390,468
Gain on sale of properties	(187,038)	-	-	(187,038)	-	-	-	-
Recovery of due from related party	(195,000)	-	195,000	-	-	-	-	-
Non-cash lease expense	3,185	-	(3,185)	-	5,412	-	(5,402)	10
Changes in operating assets and liabilities:								
Grants and rent receivable	36,342	22,461	-	58,803	(314,401)	(180,003)	-	(494,404)
Accounts receivable	(129,539)	-	-	(129,539)	84,567	-	-	84,567
Due to/from related parties	308,338	(308,338)	-	-	(76,014)	2,917	73,097	-
Due (to) from funds	40,737	(40,737)	-	-	(153,368)	153,368	-	-
Prepaid expenses	(10,684)	(21,962)	-	(32,646)	(3,773)	30,896	-	27,123
Conditional grant advances	(128,092)	-	-	(128,092)	128,092	-	-	128,092
Accounts payable and accrued expenses	(198,393)	189,057	-	(9,336)	245,450	501,943	-	747,393
Net cash provided by operating activities	63,541	1,765,414	(39,528)	1,789,427	63,106	2,070,499	(56,868)	2,076,737
Cash Flows from Investing Activities:								
Acquisition of property and equipment	(15,028)	(277,833)	-	(292,861)	-	(533,907)	-	(533,907)
Proceeds from sale of property	708,641	-	-	708,641	-	166,351	-	166,351
Increase in projects under development	(2,374,533)	-	-	(2,374,533)	(1,359,242)	(24,114)	-	(1,383,356)
Notes receivable - related party	1,568	-	(1,568)	-	1,492	-	(1,492)	-
Net cash used in investing activities	(1,679,352)	(277,833)	(1,568)	(1,958,753)	(1,357,750)	(391,670)	(1,492)	(1,750,912)
Cash Flows from Financing Activities:								
Distributions	-	(94,757)	39,528	(55,229)	-	(68,520)	56,868	(11,652)
Proceeds from lines of credit	637,425	-	-	637,425	302,575	-	-	302,575
Payments on lines of credit	(624,373)	-	-	(624,373)	-	-	-	-
Payments on long-term debt	(41,917)	(754,333)	1,568	(794,682)	(37,295)	(1,040,026)	1,492	(1,075,829)
Proceeds from contingent debt	1,850,695	-	-	1,850,695	754,721	321,000	-	1,075,721
Payments on contingent debt and deferred interest	-	(106,584)	-	(106,584)	-	(948)	-	(948)
Net cash provided by (used in) financing activities	1,821,830	(955,674)	41,096	907,252	1,020,001	(788,494)	58,360	289,867
Net Change in Cash and Restricted Cash	206,019	531,907	-	737,926	(274,643)	890,335	-	615,692
Cash and Restricted Cash:								
Beginning of year	640,660	5,305,692	-	5,946,352	915,303	4,415,357	-	5,330,660
End of year	\$ 846,679	\$ 5,837,599	\$ -	\$ 6,684,278	\$ 640,660	\$ 5,305,692	\$ -	\$ 5,946,352
Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statements of Financial Position:								
Cash	\$ 846,679	\$ 2,775,337	\$ -	\$ 3,622,016	\$ 640,660	\$ 2,334,783	\$ -	\$ 2,975,443
Current portion of restricted cash	-	196,075	-	196,075	-	210,090	-	210,090
Restricted Cash, net of current portion	-	2,866,187	-	2,866,187	-	2,760,819	-	2,760,819
Total cash and restricted cash	\$ 846,679	\$ 5,837,599	\$ -	\$ 6,684,278	\$ 640,660	\$ 5,305,692	\$ -	\$ 5,946,352
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest expense	\$ 59,202	\$ 1,218,297	\$ (1,168)	\$ 1,276,331	\$ 67,235	\$ 1,313,612	\$ (1,251)	\$ 1,379,596
Cash paid for capitalized interest	\$ 26,916	\$ -	\$ -	\$ 26,916	\$ 7,395	\$ -	\$ -	\$ 7,395
Projects under development in accounts payable and accrued expenses	\$ 299,934	\$ -	\$ -	\$ 299,934	\$ 644,252	\$ -	\$ -	\$ 644,252
Projects under development transferred to property and equipment (within rental portfolio)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 745,993	\$ -	\$ 745,993
Projects under development transferred to property held for sale	\$ -	\$ -	\$ -	\$ -	\$ 521,603	\$ -	\$ -	\$ 521,603
Projects under development transferred to property and equipment through due to/from funds	\$ -	\$ -	\$ -	\$ -	\$ 120,417	\$ (120,417)	\$ -	\$ -

The accompanying notes are an integral part of these consolidating statements.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses

For the Year Ended December 31, 2024

(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	2024									2023	
	SCC										
	Program Services			Supporting Services							
	Asset Building	Community Organizing	Housing Development and Asset Management	Total Program Services	General and Administrative	Fundraising	Total	Rental (Exhibit B)	Eliminations	Total	Total
Expenses:											
Personnel and related:											
Personnel	\$ 495,303	\$ 7,575	\$ 173,740	\$ 676,618	\$ 118,739	\$ 121,755	\$ 917,112	\$ -	\$ -	\$ 917,112	\$ 981,184
Consulting and rental contract labor	-	-	-	-	-	-	-	860,658	-	860,658	474,935
Payroll taxes and fringe benefits	97,069	1,109	24,204	122,382	25,080	37,300	184,762	-	-	184,762	162,743
Total personnel and related	<u>592,372</u>	<u>8,684</u>	<u>197,944</u>	<u>799,000</u>	<u>143,819</u>	<u>159,055</u>	<u>1,101,874</u>	<u>860,658</u>	<u>-</u>	<u>1,962,532</u>	<u>1,618,862</u>
Occupancy:											
Mortgage interest	16,024	-	19,831	35,855	20,255	3,092	59,202	1,218,297	(1,168)	1,276,331	1,379,596
Repairs and maintenance	20,015	-	66,378	86,393	13,184	4,756	104,333	834,546	-	938,879	824,946
Utilities	-	-	-	-	5,090	-	5,090	849,308	-	854,398	803,365
Real estate taxes	8,411	-	3,541	11,952	8,944	1,623	22,519	579,205	-	601,724	708,976
Insurance	7,786	65	3,647	11,498	1,816	1,704	15,018	504,312	-	519,330	457,482
Rent	-	-	171,257	171,257	-	-	171,257	-	(171,257)	-	-
Total occupancy	<u>52,236</u>	<u>65</u>	<u>264,654</u>	<u>316,955</u>	<u>49,289</u>	<u>11,175</u>	<u>377,419</u>	<u>3,985,668</u>	<u>(172,425)</u>	<u>4,190,662</u>	<u>4,174,365</u>
Other:											
Management fees	-	-	-	-	-	-	-	381,828	-	381,828	293,486
Legal and accounting	-	-	394	394	84,238	-	84,632	281,751	-	366,383	397,978
Professional fees	175,555	509	43,526	219,590	22,234	13,409	255,233	78,059	-	333,292	397,731
Miscellaneous	40,751	-	11,687	52,438	41,957	4,867	99,262	106,640	-	205,902	102,477
Bad debts	-	-	-	-	-	-	-	180,005	-	180,005	359,900
Office expense	15,043	100	3,347	18,490	17,950	2,769	39,209	139,036	-	178,245	175,978
Meetings, conference, training and travel	26,225	-	-	26,225	38,796	7,988	73,009	-	-	73,009	24,565
Equipment rental and repairs	15,955	28	6,632	22,615	15,052	3,025	40,692	-	-	40,692	39,155
Total other	<u>273,529</u>	<u>637</u>	<u>65,586</u>	<u>339,752</u>	<u>220,227</u>	<u>32,058</u>	<u>592,037</u>	<u>1,167,319</u>	<u>-</u>	<u>1,759,356</u>	<u>1,791,270</u>
Total expenses before depreciation and amortization and interest - amortization	918,137	9,386	528,184	1,455,707	413,335	202,288	2,071,330	6,013,645	(172,425)	7,912,550	7,584,497
Depreciation and amortization	10,612	-	3,537	14,149	21,224	1,415	36,788	2,314,756	-	2,351,544	2,421,061
Interest - amortization	-	-	-	-	-	-	-	39,008	-	39,008	39,258
Total expenses with capitalized costs	928,749	9,386	531,721	1,469,856	434,559	203,703	2,108,118	8,367,409	(172,425)	10,303,102	10,044,816
Less - capitalized costs	-	-	(50,000)	(50,000)	-	-	(50,000)	-	-	(50,000)	(100,000)
Total expenses	<u>\$ 928,749</u>	<u>\$ 9,386</u>	<u>\$ 481,721</u>	<u>\$ 1,419,856</u>	<u>\$ 434,559</u>	<u>\$ 203,703</u>	<u>\$ 2,058,118</u>	<u>\$ 8,367,409</u>	<u>\$ (172,425)</u>	<u>\$ 10,253,102</u>	<u>\$ 9,944,816</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2023

	SCC							Rental (Exhibit B)	Eliminations	Total
	Program Services			Supporting Services						
	Asset Building	Community Organizing	Housing Development and Asset Management	Total Program Services	General and Adminis- trative	Fundraising	Total			
Expenses:										
Personnel and related:										
Personnel	\$ 335,787	\$ 62,659	\$ 72,135	\$ 470,581	\$ 172,412	\$ 110,607	\$ 753,600	\$ 227,584	\$ -	\$ 981,184
Consulting and rental contract labor	-	-	-	-	-	-	-	474,935	-	474,935
Payroll taxes and fringe benefits	59,642	7,333	10,300	77,275	24,130	27,617	129,022	33,721	-	162,743
Total personnel and related	<u>395,429</u>	<u>69,992</u>	<u>82,435</u>	<u>547,856</u>	<u>196,542</u>	<u>138,224</u>	<u>882,622</u>	<u>736,240</u>	<u>-</u>	<u>1,618,862</u>
Occupancy:										
Mortgage interest	9,009	2,550	33,846	45,405	17,743	4,087	67,235	1,313,612	(1,251)	1,379,596
Repairs and maintenance	5,395	1,422	7,783	14,600	10,373	2,120	27,093	797,853	-	824,946
Utilities	-	-	1,525	1,525	1,197	-	2,722	800,643	-	803,365
Real estate taxes	6,610	1,828	1,406	9,844	8,375	2,813	21,032	687,944	-	708,976
Insurance	4,248	1,279	3,633	9,160	3,467	1,919	14,546	442,936	-	457,482
Rent	-	-	165,599	165,599	-	-	165,599	-	(165,599)	-
Total occupancy	<u>25,262</u>	<u>7,079</u>	<u>213,792</u>	<u>246,133</u>	<u>41,155</u>	<u>10,939</u>	<u>298,227</u>	<u>4,042,988</u>	<u>(166,850)</u>	<u>4,174,365</u>
Other:										
Management fees	-	-	-	-	-	-	-	293,486	-	293,486
Legal and accounting	-	-	31,082	31,082	93,339	-	124,421	273,557	-	397,978
Professional fees	55,832	11,570	151,221	218,623	125,598	10,558	354,779	42,952	-	397,731
Miscellaneous	7,818	877	6,292	14,987	24,442	2,391	41,820	60,657	-	102,477
Bad debts	-	-	121,633	121,633	-	-	121,633	238,267	-	359,900
Office expense	9,420	469	2,576	12,465	9,185	699	22,349	153,629	-	175,978
Meetings, conference, training and travel	10,184	578	876	11,638	7,924	5,003	24,565	-	-	24,565
Equipment rental and repairs	8,930	2,600	4,089	15,619	20,880	2,656	39,155	-	-	39,155
Total other	<u>92,184</u>	<u>16,094</u>	<u>317,769</u>	<u>426,047</u>	<u>281,368</u>	<u>21,307</u>	<u>728,722</u>	<u>1,062,548</u>	<u>-</u>	<u>1,791,270</u>
Total expenses before depreciation and amortization and interest - amortization	512,875	93,165	613,996	1,220,036	519,065	170,470	1,909,571	5,841,776	(166,850)	7,584,497
Depreciation and amortization	9,197	1,415	3,537	14,149	21,224	1,415	36,788	2,384,273	-	2,421,061
Interest - amortization	-	-	-	-	-	-	-	39,258	-	39,258
Total expenses with capitalized costs	522,072	94,580	617,533	1,234,185	540,289	171,885	1,946,359	8,265,307	(166,850)	10,044,816
Less - capitalized costs	-	-	(100,000)	(100,000)	-	-	(100,000)	-	-	(100,000)
Total expenses	<u>\$ 522,072</u>	<u>\$ 94,580</u>	<u>\$ 517,533</u>	<u>\$ 1,134,185</u>	<u>\$ 540,289</u>	<u>\$ 171,885</u>	<u>\$ 1,846,359</u>	<u>\$ 8,265,307</u>	<u>\$ (166,850)</u>	<u>\$ 9,944,816</u>

The accompanying notes are an integral part of these consolidating statements.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

1. OPERATIONS AND NONPROFIT STATUS

The Somerville Community Corporation, Inc. (the Corporation) is a nonprofit organization formed to promote the future development in the City of Somerville, Massachusetts by encouraging business growth, developing affordable housing, and by responding to the social needs of its residents.

The Corporation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Corporation is also exempt from state income taxes. Contributions made to the Corporation are deductible within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation prepares its consolidating financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Consolidation

The consolidating financial statements include the accounts of the Corporation, its wholly-owned and majority-owned subsidiaries: Walnut Street Apartments, LLC, 109 Gilman Street, LLC, 33 Bow Street Limited Partnership, St. Polycarp Redevelopment, LLC, Somerville Homeownership, LLC, Glen Condos LLC, 75 Cross LLC, Linden Street Limited Partnership, and Bow Linden LLC (collectively, SCC) (see Note 3). All significant intercompany balances have been eliminated in the accompanying consolidating financial statements (see Note 3).

The Corporation owns controlling interests in the General Partners and managing members: 33 Bow Street, Inc., Linden Street Development, Inc., Saint Polycarp Apartments MM, LLC, Saint Polycarp Apartments 2 MM, LLC, Saint Polycarp Apartments 3 MM, LLC, Union Square Apartments MM, LLC, Linden Limited Partner LLC, and Bow Linden MM LLC (collectively, the General Partners). The activity of the General Partners is reflected in the accompanying consolidating financial statements. The accompanying consolidating financial statements do not reflect the non-controlling interest in the General Partners since the amount is not material to the accompanying consolidating financial statements.

The General Partners own controlling interest in Saint Polycarp Apartments LLC, Saint Polycarp Apartments 2 LLC, Saint Polycarp Apartments 3 LLC, and Union Square Apartments, LLC (collectively, the Syndicated Rental Properties).

The accompanying consolidating financial statements include the accounts of SCC, the General Partners and the Syndicated Rental Properties (collectively, the Agency). All significant balances between classes of entities' equity (deficit), intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements.

Low-Income Housing Tax Credits

The Syndicated Rental Properties have been awarded low-income housing tax credits (LIHTC) under IRC Section 42. As a condition of receiving these tax credits, the Syndicated Rental Properties must operate their properties in the manner prescribed by this Code Section and by the Tax Regulatory Agreement for a minimum of fifteen years, expiring at various dates through December 2031.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of consolidating financial statements in accordance with U.S. GAAP 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 consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

The Agency considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. As of December 31, 2024 and 2023, there were no cash equivalents. For the purpose of the consolidating statements of cash flows, cash and restricted cash include cash and restricted cash (see Note 4) with an initial maturity of three months or less.

Property and Equipment, Depreciation and Projects Under Development

Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Buildings and improvements	5 - 40 years
Furniture and equipment	5 - 7 years

Property and equipment are recorded at cost, if purchased, or at fair value at the time of donation. Renewals and improvements are capitalized, while repairs and maintenance are expensed as they are incurred. Depreciation expense for the years ended December 31, 2024 and 2023, was \$2,346,822 and \$2,414,248, respectively.

During 2023, the Corporation sold two market rent units of 100 Homes for total proceeds of approximately \$166,000. These proceeds were used to make an additional payment on an outstanding note payable related to these properties in 2023. There was no gain or loss in connection with this sale as the net book value equaled the total proceeds.

The Agency is in the process of constructing and rehabilitating residential housing projects for rental properties in the Somerville community (see Note 5). All project-related costs incurred during construction are capitalized. These include, among others, direct acquisition and rehabilitation costs, labor, interest, and property taxes incurred during construction.

The Agency reviews the value of its property and equipment for impairment whenever changes in circumstances indicate that the carrying value of such property may not be recoverable in accordance with the requirements pertains to ASC Topic, *Property, Plant and Equipment*. For the years ended December 31, 2024 and 2023, the Agency did not recognized any reduction in the carrying value of its property and equipment or projects under development under these standards.

Property Held for Sale

Property held for sale as of December 31, 2023, consists of a 100 Homes parcel at 31-35 Richardson held by the Agency that was marketed by a third-party real estate agency. The parcel was sold in January 2024 (see Note 5).

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalized Costs and Amortization

Capitalized costs consist of tax credit fees of \$180,593 as of December 31, 2024 and 2023, that have been capitalized and are being amortized using the straight-line method for periods ranging from one to ten years. Capitalized costs are shown net of accumulated amortization of \$172,435 and \$167,713 as of December 31, 2024 and 2023, respectively.

Amortization expense was \$4,722 and \$6,813 for the years ended December 31, 2024 and 2023, respectively. Amortization expense for the next three years is expected to be:

2025	\$ 4,025
2026	\$ 4,025
2027	\$ 108

Grants and Rent Receivable and Allowance

Unconditional promises to give that are expected to be collected within one year are recorded at the date the promise is received and are included in grants and rents receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, net of an allowance for doubtful accounts. An allowance for doubtful grants receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible. There was no allowance deemed necessary as of December 31, 2024 and 2023.

The Agency carries its rent receivable from tenants and subsidy at an amount equal to uncollected but earned revenue, less an allowance for doubtful accounts. On a periodic basis, the Agency evaluates its rent receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. As of December 31, 2024 and 2023, the Agency had an allowance for doubtful accounts of \$119,240 and \$50,489, respectively.

Accounts Receivable and Allowance for Credit Losses

Accounts receivables are presented net of the Agency's allowance for credit losses as of December 31, 2024 and 2023. The Agency accounts for credit losses under Topic 326, *Credit Losses*, using an expected credit loss impairment model for financial instruments. The Agency's expected credit allowance methodology for accounts receivable is developed using historical experience, present economic conditions, and other relevant factors management considers relevant to estimate expected credit losses. Management performs ongoing evaluations of the Agency's existing and potential customer's creditworthiness. As of December 31, 2024 and 2023, the Agency determined no allowance for credit losses was necessary.

Notes Receivable - Related Parties and Allowance

Notes receivable - related parties consist of amounts owed from the Rental Properties (see Note 3) that are all classified as common control affiliates of the Agency. These notes are generally subordinate to mortgages held by banks or government entities. The Agency's ability to realize these assets is dependent on the ability of each partnership to generate sufficient cash flow from operations or from sale or refinance of the respective rental property. Due to the long-term nature of expected realization, the Agency has established valuation allowances against all balances (including deferred interest) that are not due in the following year based on known cash flow available (see Note 3). The balance of notes receivable - related parties is presented at net realizable value after valuation allowances are applied.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

Contingent Debt and Deferred Interest

The Agency has contingent loans from various organizations to assist in the development of its housing and other projects. These loans generally are not required to be repaid unless the project fails to maintain its status as low-income housing, or the Agency fails to comply with other conditions. It is the intention of the Board of Directors and the management of the Agency to maintain these properties as low-income housing and to meet other conditions; therefore, these loans have been classified as contingent liabilities.

Revenue Recognition

Developer Fees and Program Service and Management Fees

The Agency generally measures revenue based on the amount of consideration the Agency expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Agency evaluates its revenue contracts with customers based on the five-step model under the ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606): (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Developer fees are earned by the Agency in its role as sponsor and developer of its affiliates' (see Note 3) projects. Developer fees are generally earned under written developer agreements executed with the affiliates that detail the rights and responsibilities of both parties under each project development agreement. The agreements define the scope of activities to be provided by the Agency and generally include supervising and coordinating project projections, overseeing the construction and/or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under the agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. The Agency determined the services within the agreement are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project. Developer agreements define the fixed compensation which the Agency is expected to be entitled to and a schedule of payments to be made from project development sources and, in some cases, from net cash flow from project operations.

The performance obligations under developer agreements are satisfied over time as the Agency's performance creates or enhances a real estate asset that the affiliate controls. Accordingly, the Agency recognizes revenue from developer agreements over time, as the services are rendered, based on an input method of developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some fees may not be recognized until received or when collection is assured.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Developer Fees and Program Service and Management Fees (Continued)

Service fees are recognized by the Agency for services provided to their affiliates, which include partnership management fees, incentive management fees, and fees from other program services. These service fees are included in program services and management fees in the accompanying consolidating statements of activities for the years ended December 31, 2024 and 2023. Services are generally provided on an annual basis incident to separate agreements that renew annually at the election of the parties or under aspects of the operating agreements that govern the operations of the respective affiliates. These agreements specify the compensation for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as the affiliate receives the benefits provided as the Agency performs these services. Service fees are generally recognized in one calendar year. Compensation is generally fixed under the relevant agreement but may contain variable components in the case of certain partnership management services. Certain fees are only earned and/or payable subject to the availability of net cash flow from the respective affiliate's operations and are only recognized as revenue when collection is assured.

Grants and Government Contracts and Contributions

In accordance with ASC Subtopic 958-605, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 16).

The Agency has contracts with the Commonwealth of Massachusetts and the City of Somerville. Amounts received under these contracts have been recorded in accordance with ASC Subtopic 958-605. These contracts are considered nonreciprocal transactions because the general public receives the benefit as result of the assets transfer. These conditional contributions are recognized as services are provided or as costs are incurred. These contracts are included in grants and government contracts in the accompanying consolidating statements of activities. Grants and government contracts are recorded as services are provided and costs are incurred.

Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions. Grants and contributions without donor restrictions are recorded as revenues and net assets without donor restrictions when received or unconditionally committed by the donor.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Rental Income

The Agency leases apartment units and commercial space to various tenants for a period of twelve months or less. The lease agreements may contain renewals for a period of twelve months or less and do not require any variable lease payments. Based on the uncertainty of tenant renewals and the existence of a mutual termination clause in the lease agreements, the Agency and Affiliates treat all residential leases as short-term leases. SPA also leases three commercial units at the respective property to the Corporation under a master tenant agreement through July 2029 (see Note 10). Rental income is accounted for in accordance with Topic 842 and is recognized over the rental period, net of vacancies and concessions. Advanced receipts of rental income are classified as liabilities (included in accounts payable and accrued expenses) until earned.

Interest and Other Income and Gain on Sale of Properties

Interest and other income are recognized as earned. Gain on the sale of properties is recognized when a property is sold.

Lease

The Agency assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The Agency only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded in the consolidating statements of financial position.

All of the Agency's leases are presented as right-of-use (ROU) assets with a corresponding current and long-term lease liability in the accompanying consolidating statements of financial position. ROU assets represent the Agency's right to use an underlying asset during its lease term, and lease liabilities represent the obligation to make lease payments.

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency uses the implicit discount rate when it is readily determinable. Since the Agency's leases do not provide an implicit rate, the Agency uses the risk-free discount rate at the lease commencement date to determine the present value of the lease payments. Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. Lease expense is recognized on a straight-line basis over the lease term. The Agency's lease terms do not include options to extend or terminate the lease.

The Agency elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Agency to carry forward the historical lease classification, as well as to skip reassessment of the treatment of initial direct costs and of whether a contract is or contains a lease. The Agency also elected to combine lease and non-lease components, which are accounted for as a single component, and to exclude short-term leases from the consolidating statements of financial position.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, professional fees, office expense, miscellaneous expenses, meetings, conference, training and travel, occupancy, and depreciation and amortization, which are allocated on the basis of estimates of time and effort.

Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2024 and 2023.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

As discussed on page 10, the Corporation is exempt from income taxes under Section 501(c)(3) of the IRC. The General Partners are for-profit corporations. Losses incurred prior to 2018 expire at various dates through 2037. Losses incurred after 2017 do not expire. Following the ASC Topic, *Income Taxes*, did not have a material effect on the consolidating financial statements for the year ended December 31, 2024, since the tax benefits of the net operating loss carryforwards have been fully reserved.

Net Asset Classifications

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its net assets without donor restrictions into the following categories:

Operating net assets represent funds that are considered substantially liquid and are available for general operations.

Property and equipment net assets represent the portion of net assets invested into long-term productive property and equipment and development projects, net of related liabilities.

Housing development net assets represent the portion of net assets invested in real estate development projects, net of related liabilities.

Net assets with donor restrictions include those net resources not yet released in accordance with donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of other events, or programs run by the Agency. The balance of net assets with donor restrictions as of December 31, 2024 and 2023, is purpose restricted.

Non-controlling interest represents the interests of unrelated investor limited partners and members in the Syndicated Rental Properties.

Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of affordable housing related services are reported as operating revenues and operating expenses in the accompanying consolidating statements of activities. Peripheral or incidental transactions are reported as other revenues (expenses).

Subsequent Events

Subsequent events have been evaluated through July 22, 2025, which is the date the consolidating financial statements were available to be issued. There were events that met the criteria for disclosure in the accompanying consolidating financial statements (see Notes 3, 6, 7, 14 and 18).

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

3. AFFILIATES

The Agency's consolidating financial statements include the following entities:

Entity	Ownership Information
General Partners:	
33 Bow Street, Inc.	(33BS) 75% owned by the Corporation
Linden Street Development, Inc.	(LSD) 79% owned by the Corporation
Saint Polycarp Apartments MM, LLC	(SPAM) 79% owned by the Corporation
Saint Polycarp Apartments 2 MM, LLC	(SPAM 2) 79% owned by the Corporation
Saint Polycarp Apartments 3 MM, LLC	(SPAM 3) 100% owned by the Corporation
Union Square Apartments MM LLC	(USAM) 100% owned by the Corporation
Bow Linden MM LLC ***	(BLMM) 100% owned by the Corporation
Linden Limited Partner LLC **	(LLP) 100% owned by the Corporation
Housing Development:	
St. Polycarp Redevelopment, LLC	(SPR) 100% owned by the Corporation
Somerville Homeownership, LLC	(SH) 100% owned by the Corporation
Bow Linden LLC ***	(Bow Linden) 100% owned by BLMM
Glen Condos LLC	(Glen Condos) 51% owned by the Corporation
Rental Properties*:	
Walnut Street Apartments, LLC	(Walnut Street) 100% owned by the Corporation
109 Gilman Street, LLC	(Gilman Street) 100% owned by the Corporation
33 Bow Street Limited Partnership	(Bow Street) 99% owned by the Corporation
75 Cross LLC	(Cross Street) 100% owned by the Corporation
Linden Street Limited Partnership	(Linden Street) 99.99% owned by the Corporation
Saint Polycarp Apartments LLC	(SPA) .01% owned by SPAM
Saint Polycarp Apartments 2 LLC	(SPA 2) .01% owned by SPAM2
Saint Polycarp Apartments 3 LLC	(SPA 3) .01% owned by SPAM2
Union Square Apartments LLC	(Union Square) .01% owned by USAM
Unconsolidated Entities:	
Preservation of Affordable Housing, LLC	(POAH LLC) 21% owned by the Corporation and 79% by Preservation for Affordable Housing, Inc. (POAH, Inc.)
Salem Schools Owner LLC ****	(Salem Schools Owner) 99.99% owned by the Corporation.
Salem Schools MM LLC ****	(Salem Schools MM) Owned 50% by the Corporation and 50% by North Shore Community Development Coalition.

Subsequent to year end, CrossFrame LLC was created (see Note 14) and it is 100% owned by the Corporation.

* Also included in Rental Properties are Sewall Street and 100 Homes (see Note 5), which are programs of the Corporation.

** This entity was formed during 2024. During 2024, LSD transferred their interest in Linden Street to LLP.

*** These entities had no activity during 2024 and 2023 as the Corporation is holding all the predevelopment costs. During February 2025, the Bow Linden project closed on financing (see Note 18) and all related activity will be transferred to Bow Linden LLC.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

3. AFFILIATES (Continued)

**** These entities were formed in 2024. The Corporation will serve as the investor member for Salem Schools Owner until a selected investor member is formally admitted. As of December 31, 2024, the Corporation had not made any capital contributions to the Salem Schools Owner. The Corporation does not have control over Salem Schools MM and is a silent (non-managing) member. Accordingly, these entities are not consolidated into the Corporation's consolidating financial statements.

Related Party Transactions

Developer Fees

Revenue recognition is limited for projects that are wholly-owned (such as 100 Homes) or still in the predevelopment stage to distinguish them from projects with an investor that have secured financing and executed developer agreements. During 2024 and 2023, the Agency has capitalized developer costs of \$50,000 and \$100,000, respectively, related to developer fees from the 100 Homes Project. These costs are included in projects under development in the accompanying consolidating statements of financial position and are reflected as a reduction of expenses (capitalized costs) in the accompanying consolidating statements of functional expenses.

The Corporation is a co-developer with POAH, Inc. on the Clarendon Hill Project and is entitled to a portion of the developer fee and overhead reimbursement for services provided during the development of each project as outlined in the agreements. The following is a summary of the developer fee contract balances as of December 31, 2024:

<u>Project</u>	<u>Total Contract</u>	<u>Recognized Prior to 2023</u>	<u>Recognized During 2023</u>	<u>Recognized During 2024</u>	<u>Remaining Contract Balance</u>
Clarendon Hill Project	<u>\$ 740,225</u>	<u>\$ 222,068</u>	<u>\$ 129,539</u>	<u>\$ 129,539</u>	<u>\$ 267,040</u>

Developer fees totaling \$267,040 and \$137,501 remained unpaid as of December 31, 2024 and 2023, respectively, and are shown as accounts receivable in the accompanying consolidating statements of financial position. Accounts receivable as of January 1, 2022, were \$222,068. These receivables are not eliminated as the Clarendon Hill Project is not included in the accompanying consolidating financial statements.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

3. AFFILIATES (Continued)

Related Party Transactions (Continued)

Due from Related Parties

Due from related parties consists of the following as of December 31:

<u>Entity</u>	<u>2024</u>		<u>2023</u>	
	<u>Manage- ment Fees</u>	<u>Other</u>	<u>Manage- ment Fees</u>	<u>Other</u>
SPA	\$ 24,702	\$ -	\$ 23,334	\$ -
SPA 2	59,538	-	57,320	-
SPA 3	57,712	5,564	58,062	5,564
LSLP	25,000	-	245,000	-
Bow Street	35,985	-	67,871	-
Union Square	<u>62,567</u>	<u>-</u>	<u>64,715</u>	<u>-</u>
	265,504	5,564	516,302	5,564
Less - valuation allowances	<u>-</u>	<u>-</u>	<u>195,000</u>	<u>-</u>
	265,504	5,564	321,302	5,564
Less - current portion	<u>265,504</u>	<u>5,564</u>	<u>321,302</u>	<u>5,564</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During 2024, the Corporation recovered \$195,000 of partnership management fees that were previously reserved related to Linden Street. This amount is shown as recovery of due from related party and has been eliminated in the accompanying 2024 consolidating statement of activities.

During 2023, the Corporation recovered \$73,097 of a prior year developer fee that was previously written off related to Glen Condos. This amount is shown in interest and other income and has been eliminated in the accompanying 2023 consolidating statement of activities.

As of December 31, 2024 and 2023, SPA was owed \$115,221 and \$57,681, respectively, from the Corporation for outstanding rent. This amount has been eliminated in the accompanying consolidating statements of financial position.

As of December 31, 2024 and 2023, the developer fees and other receivables included in due to and due from related parties between the Corporation and its Affiliates have been eliminated in the accompanying consolidating financial statements.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

3. AFFILIATES (Continued)

Related Party Transactions (Continued)

Notes Receivable - Related Parties

Notes receivable and accrued interest were as follows as of December 31:

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>2024</u>		<u>Final Maturity</u>
			<u>Principal Balance</u>	<u>Accrued Interest</u>	
Union Square	3	1.00% - 2.00%	\$ 1,388,488	\$ 142,719	December 2057
SPA	3	0.00%	1,015,877	-	Various through 2038
Cross Street	1	0.00%	187,378	-	November 2027
Bow Street	1	8.75%	166,500	1,311,143	December 2032
SPA 2	1	0.00%	139,796	-	March 2041
Gilman Street	1	5.00%	22,652	-	August 2035
			<u>2,920,691</u>	<u>1,453,862</u>	
Less - valuation allowances			<u>2,898,039</u>	<u>1,453,862</u>	
			22,652	-	
Less - current portion			<u>1,655</u>	-	
			<u>\$ 20,997</u>	<u>\$ -</u>	

During 2024, the principal balance and related accrued interest on the Linden Street note receivable were forgiven (see Note 7). There was no impact related to the forgiveness of note receivable and interest for the Corporation as the note and related interest had been fully reserved by the Corporation in a prior year.

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>2023</u>		<u>Final Maturity</u>
			<u>Principal Balance</u>	<u>Accrued Interest</u>	
Union Square	3	1.00% - 2.00%	\$ 1,388,488	\$ 125,057	December 2057
SPA	3	0.00%	1,015,877	-	Various through 2038
Linden Street	1	5.00%	400,000	769,749	December 2031
Cross Street	1	0.00%	187,378	-	November 2027
Bow Street	1	8.75%	166,500	1,192,252	December 2032
SPA 2	1	0.00%	139,796	-	March 2041
Gilman Street	1	5.00%	24,220	-	August 2035
			<u>3,322,259</u>	<u>2,087,058</u>	
Less - valuation allowances			<u>3,298,039</u>	<u>2,087,058</u>	
			24,220	-	
Less - current portion			<u>1,575</u>	-	
			<u>\$ 22,645</u>	<u>\$ -</u>	

As of December 31, 2024 and 2023, the notes receivable and accrued interest transactions between the Corporation and its rental properties have been eliminated in the accompanying consolidating financial statements.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

3. AFFILIATES (Continued)

Related Party Transactions (Continued)

Investments in Affiliates

Investments in Affiliates are accounted for using the cost method and consist of development grants and subsidies received by the Corporation and invested into various projects through the Corporation's General Partners. The balance consisted of the following as of December 31, 2024 and 2023:

Linden Street	\$ 1,000,000
Cross Street	<u>263,895</u>
	1,263,895
Less - valuation allowances	<u>1,263,895</u>
	<u>\$ -</u>

4. RESTRICTED CASH

The Agency has the following restricted cash as of December 31:

	<u>2024</u>	<u>2023</u>
Replacement reserves	\$ 1,995,038	\$ 2,024,407
Operating and debt service reserves	661,541	544,812
Real estate tax and insurance escrow	196,075	210,090
Retail marketing and rent-up reserve	148,752	133,659
Construction holdback reserve	<u>60,856</u>	<u>57,941</u>
	3,062,262	2,970,909
Less - current portion	<u>196,075</u>	<u>210,090</u>
	<u>\$ 2,866,187</u>	<u>\$ 2,760,819</u>

Under the provisions of mortgage and partnership agreements, the Agency is required to establish and maintain replacement reserves to fund future capital improvements.

Under the provisions of mortgage and partnership agreements, the Agency is required to maintain real estate tax and insurance escrows and operating and debt service reserves to fund future operating deficits and obligations under the mortgage agreements.

The retail marketing and rent-up reserve account is used for expenses to re-lease commercial tenant space. The construction holdback reserve account is used to hold developer fees, consulting and installation costs as well as interest.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

5. PROJECTS UNDER DEVELOPMENT AND PROPERTY HELD FOR SALE

Projects under development consist of the following as of December 31:

	<u>2024</u>	<u>2023</u>
100 Homes*	\$ 3,799,697	\$ 2,312,827
Bow Linden Project**	<u>1,156,690</u>	<u>604,161</u>
	<u>\$ 4,956,387</u>	<u>\$ 2,916,988</u>

* The 100 Homes Initiative (100 Homes) was part of the Somerville Mayor's announcement of the Sustainable Neighborhoods Initiative in October 2014. Under 100 Homes, the City of Somerville and Massachusetts Housing Investment Corporation (MHIC) are collaborating to fund the Corporation's acquisition of properties on the market.

** These are predevelopment costs relating to the Bow Linden Project. The Corporation will re-syndicate two of their properties (33 Bow Street and Linden Street) into a LIHTC deal which will rehabilitate the forty-two affordable units at Linden Street and sixteen affordable and two market rate units at 33 Bow Street. The Corporation closed on financing in February 2025 (see Note 18) and construction will begin in late 2025.

Properties are increasingly being lost to cash buyers, often bidding against each other and other prospective purchasers for investment or speculative purposes, which then leads to steep rent increases or displacement of existing tenants. Funding assistance is provided to the Corporation for 100 Homes in the form of an acquisition credit line from MHIC (see Note 11), and subsidy through Community Preservation Act (CPA) funds administered by the Affordable Housing Trust Fund (AHT). The program aims to provide a diversity of units affordable to households across a range of incomes. After acquisition and stabilization of a property, conventional permanent loans are obtained from local and regional banks.

In January 2024, the remaining parcel on 31-35 Richardson (included in 100 Homes) was sold for net proceeds of \$708,000. A portion of these proceeds were used to pay off the remaining facility line of credit with MHIC (see Note 11). During 2024, the Agency recognized a gain of approximately \$187,000 in connection with the sale of the unit, which is reflected as gain on sale of property in the accompanying 2024 consolidating statement of activities. As of December 31, 2023, this remaining parcel was reflected as property held for sale in the accompanying 2023 consolidating statement of financial position, as it was actively on the market.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

6. LONG-TERM DEBT

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Balance	
					2024	2023
Operating:						
The Corporation	Bank	Mortgage on certain property	3.20%	March 2042	\$ 831,942	\$ 867,331
The Corporation	Emerald Blue, LLC	Secured by certain equipment	4.00%	October 2035	89,666	96,194
					<u>921,608</u>	<u>963,525</u>
Rental:						
Walnut Street	Massachusetts Housing Partnership	Mortgage on certain property	3.38%	May 2038	1,644,918	1,684,151
Gilman Street	Bank	Mortgage on certain property	3.75%	June 2035	406,241	437,122
Gilman Street	The Corporation	Unsecured	5.00%	August 2035	22,652	24,220
Bow Street	Massachusetts Housing Partnership	Mortgage on certain property	4.37%	May 2025	~~ 460,887	478,060
Cross Street	Bank	Mortgage on certain property	5.25%	April 2033	** 549,246	566,757
Cross Street	Somerville Affordable Housing Trust Fund	Mortgage on certain property	2.00%	November 2042	51,149	51,149
100 Homes	Bank	Mortgage on certain property	3.90%	October 2050	10,385,575	10,613,850
100 Homes	Bank	Mortgage on certain property	3.20%	December 2047	6,016,705	6,185,639
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	1.50%	September 2055	^^ 779,061	779,061
100 Homes	Bank	Mortgage on certain property	3.50%	March 2051	637,574	652,145
100 Homes	Bank	Mortgage on certain property	4.50%	August 2047	594,977	609,759
100 Homes	Bank	Mortgage on certain property	4.50%	May 2050	561,791	573,362
100 Homes	Emerald Blue, LLC	Secured by certain equipment	4.00%	October 2035	301,357	323,291
SPA	Massachusetts Housing Partnership	Mortgage on certain property	6.08%	December 2029	1,683,892	1,749,564
SPA 2	Massachusetts Housing Partnership	Mortgage on certain property	6.87%	November 2032	1,349,068	1,385,800
SPA 3	Massachusetts Housing Partnership	Mortgage on certain property	5.80%	March 2034	1,345,423	1,380,333
Union Square	Massachusetts Housing Partnership	Mortgage on certain property	5.36%	May 2037	2,063,347	2,109,440
Union Square	Somerville Affordable Housing Trust Fund	Mortgage on certain property	2.00%	May 2038	20,856	25,349
					<u>28,874,719</u>	<u>29,629,052</u>
	Total long-term debt				29,796,327	30,592,577
	Less - unamortized debt issuance costs				(617,534)	(656,542)
	Less - current portion				(836,279)	(798,817)
	Less - eliminations				(22,652)	(24,220)
	Total long-term debt, net				<u>\$ 28,319,862</u>	<u>\$ 29,112,998</u>

** This note is guaranteed by the Agency.

~~ Subsequent to year end, Bow Street and Linden Street were re-syndicated and sold into a new Low-Income Housing Tax Credit project called Bow Linden LLC (see Note 18) and used the sales proceeds to pay off the corresponding notes. As such, this note will be shown as long-term debt in the accompanying 2024 consolidating statement of financial position.

^^ Principal and interest payments will commence in 2025.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

6. LONG-TERM DEBT (Continued)

Debt issuance costs related to the various notes payable totaling \$1,055,734 are shown net of accumulated imputed interest of \$438,200 and \$399,192 as of December 31, 2024 and 2023, respectively. Net debt issuance costs are reported on the consolidating statements of financial position as a direct reduction of the face amount of the related long-term debt.

The long-term debt agreements contain various covenants with which the Agency must comply. The Agency was in compliance with these covenants as of December 31, 2024.

Maturities of the long-term debt and amortization of debt issuance costs for the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Amortization of Debt Issuance Costs</u>
2025	\$ 836,279	\$ 39,220
2026	\$ 865,790	\$ 38,940
2027	\$ 903,519	\$ 38,647
2028	\$ 942,977	\$ 38,337
2029	\$ 2,272,882	\$ 38,010

7. CONTINGENT DEBT AND DEFERRED INTEREST

Entity	Lender	Security	Interest Rate	Maturity	2024		2023		
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest	
Housing Development:									
Glen Condos	City of Somerville	Mortgage on certain property	0.00%	December 31, 2025	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	
Glen Condos	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	Upon approval of cost certification	&& 819,862	-	819,862	-	
Glen Condos	City of Somerville	Mortgage on certain property	0.00%	Upon approval of cost certification	&& 740,000	-	740,000	-	
Glen Condos	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	Upon approval of cost certification	&& 215,964	-	215,964	-	
Bow Linden	CEDAC (2 notes)	Mortgage on certain properties	3.00-7.00%	Upon construction closing	@ 610,558	9,184	-	-	
100 Homes	SAHTF	Mortgage on certain property	0.00%	December 2073	C 90,932	-	-	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	February 2075	A 1,642,926	-	493,721	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	February 2075	B 261,000	-	261,000	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	Upon sale of units	625,000	-	625,000	-	
					<u>6,006,242</u>	<u>9,184</u>	<u>4,155,547</u>	<u>-</u>	
Rental:									
Walnut Street	EOHLC	Mortgage on certain property	0.00%	March 2044	565,000	-	565,000	-	
Gilman Street	City of Somerville	Mortgage on certain property	0.00%	June 2047	347,500	-	347,500	-	
Gilman Street	Community Economic Development Corporation (CEDAC)	Mortgage on certain property	0.00%	June 2037	** 336,200	-	336,200	-	
Gilman Street	Somerville Homeless Coalition	Mortgage on certain property	0.00%	November 2025	250,000	-	250,000	-	
Gilman Street	EOHLC	Mortgage on certain property	0.00%	November 2027	250,000	-	250,000	-	
Gilman Street	Somerville Affordable Housing Trust Fund	Mortgage on certain property	2.00%	June 2037	13,000	1,271	13,000	1,367	
Sewall Street	CEDAC	Mortgage on certain property	0.00%	March 2030	** 171,000	-	171,000	-	
Sewall Street	CEDAC	Mortgage on certain property	0.00%	August 2032	** 125,000	-	125,000	-	
Bow Street	City of Somerville	Mortgage on certain property	8.75%	^^ December 2032	\$ 200,000	1,792,812	200,000	1,632,471	
Bow Street	The Corporation	Mortgage on certain property	8.75%	^^ December 2032	\$ 166,500	1,311,143	166,500	1,192,252	
Bow Street	EOHLC	Mortgage on certain property	2.00%	December 2022	\$ 120,000	452,572	120,000	450,172	
Cross Street	City of Somerville	Mortgage on certain property	0.00%	November 2052	443,676	-	443,676	-	
Cross Street	EOHLC	Mortgage on certain property	0.00%	November 2042	394,379	-	394,379	-	
Cross Street	Massachusetts Housing Partnership	Mortgage on certain property	0.00%	November 2062	394,379	-	394,379	-	
Cross Street	CEDAC	Mortgage on certain property	0.00%	November 2042	** 197,189	-	197,189	-	
Cross Street	The Corporation	Mortgage on certain property	0.00%	November 2027	187,378	-	187,378	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	February 2061	3,135,000	-	3,135,000	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	Any Default	1,904,078	-	1,904,078	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	October 2028	1,293,730	-	1,293,730	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	January 2068	1,210,250	-	1,210,250	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	Any Default	1,183,372	-	1,183,372	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	February 2069	772,300	-	772,300	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	October 2067	683,840	-	683,840	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	Any Default	680,000	-	680,000	-	
100 Homes	CEDAC	Mortgage on certain property	0.00%	October 2047	600,000	-	600,000	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	January 2068	600,000	-	600,000	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	December 2067	498,000	-	498,000	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	December 2067	430,000	-	430,000	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	November 2034	% 418,933	-	418,933	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	May 2073	321,000	-	321,000	-	
100 Homes	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	December 2067	315,837	-	315,837	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	Any Default	303,490	-	303,490	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	September 2069	250,472	-	250,472	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	January 2069	** 187,000	-	187,000	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	October 2067	102,800	-	102,800	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	July 2040	% 70,757	-	70,757	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	October 2067	70,000	-	70,000	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	November 2040	% 49,850	-	49,850	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	January 2030	37,211	-	37,211	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	June 2022	!! -	-	22,750	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	September 2022	!! -	-	10,620	-	
100 Homes	City of Somerville	Mortgage on certain property	0.00%	April 2022	!! -	-	5,558	-	

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
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7. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Entity	Lender	Security	Interest Rate	Maturity	2024		2023	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Rental: (Continued)								
Linden Street	City of Somerville	Mortgage on certain property	2.50%	December 2031	\$ 660,000	371,539	660,000	355,369
Linden Street	Massachusetts Affordable Housing Trust Fund	Mortgage on certain property	5.60%	December 2031	\$ 600,000	768,750	600,000	735,150
Linden Street	The Corporation	Mortgage on certain property	5.00% ^^	December 2031	!! -	-	400,000	769,749
Linden Street	Somerville Affordable Housing Trust Fund	Mortgage on certain property	0.00%	October 2041	\$ 210,000	-	210,000	-
SPA	City of Somerville	Mortgage on certain property	4.46% ^^	December 2048	950,000	921,301	950,000	856,345
SPA	Massachusetts Affordable Housing Trust Fund	Mortgage on certain property	1.00% ^^	December 2038	833,913	125,103	833,913	115,608
SPA	EOHLC	Mortgage on certain property	1.00%	December 2058	702,423	121,711	702,423	114,687
SPA	CEDAC	Mortgage on certain property	1.00%	December 2038	** 645,000	106,271	645,000	99,821
SPA	The Corporation	Mortgage on certain property	0.00%	June 2038	610,970	-	610,970	-
SPA	The Corporation	Mortgage on certain property	0.00%	June 2029	250,000	-	250,000	-
SPA	Somerville Affordable Housing Trust Fund	Mortgage on certain property	2.50% ^^	January 2030	** 237,445	24,086	237,445	17,707
SPA	The Corporation	Mortgage on certain property	0.00%	June 2038	154,907	-	154,907	-
SPA 2	EOHLC	Mortgage on certain property	0.00%	March 2041	1,000,000	-	1,000,000	-
SPA 2	City of Somerville	Mortgage on certain property	0.00%	March 2051	853,397	-	853,397	-
SPA 2	EOHLC	Mortgage on certain property	0.00%	March 2061	705,786	-	705,786	-
SPA 2	CEDAC	Mortgage on certain property	0.00%	March 2041	** 216,582	-	322,658	-
SPA 2	Somerville Affordable Housing Trust Fund	Mortgage on certain property	2.50% ^^	March 2033	** 182,119	22,506	182,119	16,880
SPA 2	The Corporation	Mortgage on certain property	0.00%	March 2041	139,796	-	139,796	-
SPA 3	EOHLC	Mortgage on certain property	2.00%	December 2043	1,000,000	240,000	1,000,000	220,000
SPA 3	EOHLC	Mortgage on certain property	2.00%	December 2063	750,000	168,417	750,000	153,417
SPA 3	City of Somerville	Mortgage on certain property	2.36%	December 2053	705,000	170,255	705,000	158,492
SPA 3	CEDAC	Mortgage on certain property	0.00%	December 2043	** 509,000	-	509,000	-
SPA 3	Somerville Affordable Housing Trust Fund	Mortgage on certain property	2.50%	December 2033	** 40,198	5,840	40,198	4,380
Union Square	The Corporation	Mortgage on certain property	1.00%	December 2057	1,050,000	84,000	1,050,000	73,500
Union Square	EOHLC	Mortgage on certain property	1.00%	May 2046	1,000,000	89,883	1,000,000	79,883
Union Square	City of Somerville	Mortgage on certain property	2.30% ^^	May 2056	700,000	169,018	700,000	149,469
Union Square	EOHLC	Mortgage on certain property	1.00%	May 2066	700,000	63,550	700,000	56,550
Union Square	CEDAC	Mortgage on certain property	1.00%	May 2046	540,968	51,802	540,968	46,392
Union Square	The Corporation	Mortgage on certain property	2.00%	December 2057	176,950	31,562	176,950	28,023
Union Square	The Corporation	Mortgage on certain property	2.00%	December 2057	161,538	27,157	161,538	23,534
					<u>35,565,113</u>	<u>7,120,549</u>	<u>36,110,117</u>	<u>7,351,218</u>
	Total contingent debt				41,571,355	7,129,733	40,265,664	7,351,218
	Less - current portion				(1,408,707)	(36,580)	(329,940)	(489,139)
	Less - eliminations				<u>(2,898,039)</u>	<u>(1,453,862)</u>	<u>(3,298,039)</u>	<u>(2,087,058)</u>
	Total contingent debt and deferred interest, net				<u>\$ 37,264,609</u>	<u>\$ 5,639,291</u>	<u>\$ 36,637,685</u>	<u>\$ 4,775,021</u>

** These notes could have payments due in any given year based on net cash flow as defined in the operating or debt agreements.

^^ Interest is compounded annually.

!! This note and related mortgage were forgiven during 2024. Notes and interest with the Corporation that have been forgiven have been eliminated in the accompanying consolidating statement of activities.

\$ Subsequent to year end, Bow Street and Linden Street were re-syndicated and sold into a new Low-Income Housing Tax Credit project called Bow Linden LLC. The note was assumed by Bow Linden LLC and any outstanding deferred interest was forgiven (see Note 18).

@ Subsequent to year end, these notes were repaid as part of the Bow Linden construction financing closing (see Note 18).

% This note will be forgiven as long as the Agency complies with the terms and conditions of the agreement.

&& Certain Glen Condos' notes on page 26 are expected to be forgiven once the cost certification is approved and finalized by the City of Somerville, if the costs of all units exceed the gross proceeds of the sale as noted in the agreements. These loans are expected to be forgiven in late 2025. As such, it is shown as long-term in the accompanying consolidating statement of financial position.

A Allows for borrowing up to \$2,500,000.

B Allows for borrowing up to \$290,000.

C Allows for borrowing up to \$389,000.

The notes have certain financial and non-financial covenants with which the Agency must comply with. The Agency was in compliance with these covenants as of December 31, 2024.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
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7. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Maturities of the contingent debt for the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>
2025	\$ 1,408,707
2026	\$ -
2027	\$ 437,378
2028	\$ 1,293,370
2029	\$ 250,000

8. RETIREMENT PLAN

The Agency maintains a retirement plan under IRC Section 401(k) covering employees who have completed at least one year of service and are over age 21. The Agency makes contributions to the plan as approved by the Board of Directors. During 2024 and 2023, the Agency made contributions to the plan of \$2,604 and \$9,762, respectively, which are included in payroll taxes and fringe benefits in the accompanying consolidating statements of functional expenses.

9. COMMITMENTS AND CONTINGENCIES

Guarantees and Other

The Agency has issued a guarantee to fund the Syndicated Rental Properties' operating deficits if there are not sufficient funds in the operating reserve. SPA 1 has a maximum obligation of \$175,000 at any one time. SPA 2 and SPA 3 have a maximum obligation of \$200,000 at any one time. USAM has a maximum obligation of \$250,000 at any one time.

The Agency also guaranteed compliance with all requirements of Section 42 of the IRC to qualify for LIHTC of the SPA 2, SPA 3 and Union Square.

The Agency entered into agreements with each of the Syndicated Rental Properties in which they must give written notice to the Agency of any offers to purchase the properties from any third-party that it intends to accept, or if the Syndicated Rental Properties offer to sell the properties to any third-party. Each of the Syndicated Rental Properties grants the Agency the right of first refusal to purchase the properties, if either proposes to sell, transfer, assign, or ground lease all or the majority of their interest in the properties. The Agency has thirty days from the receipt of the written notice from the Syndicated Rental Properties to exercise its right of first refusal.

The Agency has also guaranteed a long-term debt agreement (see Note 6).

Community Investment Tax Credits

For the years ended December 31, 2024 and 2023, the Agency was awarded \$200,000 and \$75,000, respectively, of Community Investment Tax Credits (CITCs) from the Executive Office of Housing and Livable Communities (EOHLC) to disburse to donors in exchange for donations. The CITCs are provided to donors based upon 50% of eligible donations. The Agency received \$314,675 and \$242,616 in eligible donations and provided \$157,338 and \$121,308 in CITCs during 2024 and 2023, respectively. There was a CITC balance of \$42,662 at December 31, 2024, available for future use. There was no CITC balance available for future use at December 31, 2023.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
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9. COMMITMENTS AND CONTINGENCIES (Continued)

Lawsuits

The Agency, from time-to-time, is the defendant in lawsuits. It is management's opinion that the Agency will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying consolidating financial statements for any potential liability resulting from these lawsuits.

10. OPERATING LEASES

The Corporation

The Corporation has a master tenant lease agreement with SPA for the use of three retail units on the ground floor of its building. The lease qualifies as an operating lease under the practical expedient (see Note 2). The term of the lease is twenty years, beginning in July 2009. Annual base rent will be approximately \$85,500, payable in fixed monthly installments, and shall increase annually by 2%. The Corporation is also responsible for its proportionate share of real estate taxes and operating expenses (CAM charges) as defined in the agreement. CAM charges are variable and were \$54,504 and \$48,846 for the years ended December 31, 2024 and 2023, respectively. Rent expense under this lease agreement was \$116,753 for the years ended December 31, 2024 and 2023, which is included with CAM charges as rent expense in the accompanying consolidating statements of functional expenses. As of December 31, 2024 and 2023, total rent expense and CAM charges and related rental revenue have been eliminated in the accompanying consolidating financial statements.

The Corporation also leases office equipment under an operating lease agreement that expires in December 2025, with monthly payments of \$538. Rent expense under this lease agreement was \$6,461 for the years ended December 31, 2024 and 2023, and is included in equipment rental and repairs in the accompanying consolidating statements of functional expenses.

The Corporation uses the weighted-average risk-free discount rate (1.55%) to calculate the present value of leases. The weighted-average remaining lease term for the Corporation's operating leases is 4.60 and 5.60 years as of December 31, 2024 and 2023, respectively. There are no options to renew these lease agreements as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, the ROU asset - operating lease had a balance of \$531,522 and \$645,486, respectively, which is shown as noncurrent assets in the accompanying consolidating statements of financial position; the operating lease liability is included in current liabilities (\$114,788 and \$110,780, respectively), and long-term liabilities (\$432,925 and \$547,713, respectively). Total cash paid for amounts included in the measurement of operating lease liabilities was \$120,029 and \$117,802 for the years ended December 31, 2024 and 2023, respectively.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

10. OPERATING LEASES (Continued)

The Corporation (Continued)

The maturities of lease liabilities, excluding CAM charges, under the lease agreements are as follows as of December 31, 2024:

2025	\$ 122,301
2026	118,156
2027	120,519
2028	122,930
2029	<u>83,593</u>
Total	567,499
Less - present value discount	<u>(19,786)</u>
Present value of lease liabilities	547,713
Less - current portion	<u>114,788</u>
Operating lease liabilities, net of current portion	<u>\$ 432,925</u>

Under the terms of the master tenant agreement, the Corporation entered into lease agreements with various organizations for the use of the retail space located at SPA that expire at various dates through June 2027. These leases qualify as operating leases under the practical expedient (see Note 2). Annual payments range from approximately \$35,000 to \$53,000, increasing by 3% annually. The Corporation's tenants are also responsible for their proportionate share of real estate taxes and operating expenses. CAM charges are variable and were \$48,902 and \$45,729 for the years ended December 31, 2024 and 2023, respectively. Rent of \$139,210 and \$135,155 was recognized for the years ended December 31, 2024 and 2023, respectively, which is included with CAM charges as rental income in the accompanying consolidating statements of activities.

The following is an analysis of the undiscounted operating lease payments under the master lease:

2025	\$ 143,386
2026	93,224
2027	<u>20,472</u>
Total	<u>\$ 257,082</u>

11. LINES OF CREDIT

Working Capital Line of Credit

The Corporation has a \$200,000 revolving working capital line of credit agreement with Boston Impact Initiative Fund at 5.5%, subject to reduction as defined in the agreement. In July 2024, the Corporation extended the borrowing amount up to \$500,000 through July 2025, at which time the total borrowings amount will reduce back to \$200,000. Additionally, interest will increase to 7%, subject to reduction as defined in the agreement. The line of credit had an initial term of one year and is subject to renewal for up to five years through September 28, 2026. Borrowings on the line of credit are secured by a second priority lien and mortgage on the 337 Somerville Avenue property. Outstanding principal balance as of December 31, 2024 and 2023, was \$450,000 and \$200,000, respectively.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

11. LINES OF CREDIT (Continued)

Non-Revolving Line of Credit

Bow Linden has a \$490,000 non-revolving line of credit agreement with the Property and Casualty Initiative, LLC. Interest is payable monthly at a fixed rate of 6% and is guaranteed by the Corporation. Outstanding principal and interest are due at the earlier of the construction financing of Bow Linden or the maturity date in June 2025. The non-revolving line of credit was used to fund predevelopment expenses for the Bow Linden LIHTC redevelopment project (see Notes 3 and 5). The outstanding principal balance as of December 31, 2024 and 2023, was \$490,000 and \$302,575, respectively. During February 2025, the line of credit was repaid as part of the Bow Linden closing (see Note 18).

Facility Line of Credit

The Corporation had a \$1,224,000 line of credit with MHIC. Interest was payable monthly at 6% per annum. The line of credit was secured by a first mortgage on 31-35 Richardson. Outstanding principal and accrued interest were due on demand. The outstanding balance as of December 31, 2023, was \$424,373. In January 2024, the Agency paid outstanding principal and accrued interest in full in connection with the sale of the remaining parcel of 31-35 Richardson (see Note 5).

12. CONCENTRATIONS

The Agency maintains its cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash.

Approximately 22% and 32% of the Agency's grants and rent receivable were due from one agency at December 31, 2024 and 2023, respectively. The entire balance of the Agency's accounts receivable was due from one agency as of December 31, 2024 and 2023.

13. MANAGEMENT AGREEMENT

The Agency has an agreement with Wingate Management Company, LLC (the Company) to carry on the day-to-day operations of the Rental Properties. Management fee expenses were \$381,828 and \$293,486 for the years ended December 31, 2024 and 2023, respectively, and are reflected as management fees in the accompanying consolidating statements of functional expenses.

14. CONTINUING OPERATIONS

The Corporation's changes in net assets without donor restrictions from operations was \$(9,429) and \$(11,618) for the years ended December 31, 2024 and 2023, respectively. In addition, the Corporation had operating net assets without donor restrictions of \$450,552 and \$214,692 as of December 31, 2024 and 2023, respectively. The Corporation also has current assets less than current liabilities by \$1,175,455 and \$502,812 on December 31, 2024 and 2023, respectively.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

14. CONTINUING OPERATIONS (Continued)

Looking forward, the Corporation continues to pursue development opportunities and funding sources, which are further described below:

- The Corporation initiated a re-syndication of two of its properties, totaling sixty units (Bow Street and Linden Street), into a 9% LIHTC deal. In February 2025, the Corporation successfully closed on the deal (see Note 18) and received approximately \$3,800,000 in net cash proceeds from this closing, with an additional \$1,000,000 placed in escrow to be received by the Corporation upon completion of the project. In addition, the Corporation will also earn approximately \$610,000 in developer fees. The re-syndication serves to re-capitalize the Corporation and the properties and will consolidate their existing mortgage debt under a new financing structure.
- The Corporation is in the process of preparing a cost certification for Glen Condos, expected to be submitted by December 31, 2025. As a result, the Corporation anticipates approximately \$1.7 million in loan forgiveness (see Note 7). In addition, a portion of the \$1 million loan may also be forgiven, contingent upon the Corporation meeting certain criteria as outlined in the loan agreements.
- The Clarendon Project is still in construction. The Corporation's portion of the Clarendon Project will earn approximately \$740,000 in developer fees through 2026 (approximately \$260,000 remaining as of December 31, 2024).
- The 657 Somerville Ave project began construction in July 2023 and units are expected to be leased by April 2025. There are nine residential units and one commercial unit. The Corporation received approval from the City of Somerville (the City) in the amount of \$2.9 million from the City through SAHTF monies and has been using these funds to fund rehabilitation costs. The Corporation received a portion of the developer fee in 2023, another portion in 2024, and we will realize the final 25% at project completion in 2025.
- The Corporation is currently working with the City for another \$1,000,000 of funding which will be used for rehabilitation work on the properties (Jackson and Everett) of which \$389,000 has already been committed and drawn on (see Note 6). Rehabilitation started in August 2024 at Everett Ave and is expected to be completed in 2025. The renovation at 29 Jackson will not begin until later in 2025.
- The Corporation is currently working with the City for \$1,300,000 for SAHTF funding for the development of a three-unit modular home at Cross Street. A new entity was incorporated (CrossFrame LLC) in 2025 (see Note 3) and is expected to hold the property. Financing from the City as well as \$245,000 from a commercial lender are expected to close in mid-2025. The building is expected to be completed in late 2025.

Management believes that the ongoing activities and actions taken will enable the Agency to continue as a going concern.

15. GAIN ON INSURANCE CLAIM

The Agency incurred damages to certain properties as a result of water and fire damages. In a prior year, the Agency incurred fire damage to one of its properties and recorded an impairment to reflect the reduced carrying value. During 2024, the Agency received additional insurance proceeds totaling approximately \$251,000 related to the fire. These proceeds were used to rehabilitate and improve the damaged property. The related expenditures enhanced the functionality and extended the useful life of the asset, and therefore, have been capitalized as part of the cost of the property which is still under development.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

15. GAIN ON INSURANCE CLAIM (Continued)

The property insurance claims are included in other revenues (expenses) in the accompanying consolidating statements of activities and are comprised of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Insurance proceeds	\$ 273,526	\$ 121,218
Expenses	<u>(44,603)</u>	<u>(112,796)</u>
Net gain	<u>\$ 228,923</u>	<u>\$ 8,422</u>

16. CONDITIONAL GRANTS

During 2023, the Agency was awarded and received grants totaling approximately \$251,000 that contain conditions that represent a barrier that must be overcome in order to be recognized as revenue. During 2023, approximately \$123,000 was recorded as revenue as the Agency properly overcame the barrier outlined in the agreement. As of December 31, 2023, approximately \$128,000 of this grant is reflected as current portion of conditional advances in the accompanying 2023 consolidating statement of financial position since the related barrier was not overcome. During 2024, the remaining amount of approximately \$128,000 was recorded as revenue as the Agency properly overcame the barrier outlined in the agreement.

During 2021, the Agency was awarded a conditional grant in the amount of \$10,221,321, which is administered through MHIC on behalf of the City. These funds were used to repay certain loans, as outlined in the agreement. The Agency is required to comply with certain affordable housing use restrictions and facilitating the preservation of affordable units in perpetuity. As of December 31, 2024 and 2023, these funds have been received and are reflected as long-term conditional grant advance in the accompanying consolidating statements of financial position. The Agency has not met the conditions and, therefore, no amounts have been recorded in the accompanying consolidating statements of activities.

The Agency has been awarded multiple contracts with the City of Somerville through 2024 and 2023. These commitments are considered conditional under ASC Topic 958, as the Agency must incur qualified costs or meet performance requirements prior to recognizing revenue. Total grants committed but not recognized as of December 31, 2023, were \$245,000. During 2024, \$245,000 was recorded as revenue as the Agency properly overcame the barrier outlined in the agreement and this amount is included in grants and government contracts in the accompanying 2024 consolidating statement of activities.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

17. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the consolidating statements of financial position date, comprise the following at December 31:

	2024	
	<u>The Corporation</u>	<u>Rental Properties</u>
Cash	\$ 846,679	\$ 2,775,337
Current portion of restricted cash	-	196,075
Grants and rent receivable, net	291,789	111,591
Accounts receivable	<u>267,040</u>	<u>-</u>
	1,405,508	3,083,003
Less - development project cash and tenant security deposits	<u>(583,925)</u>	<u>(235,186)</u>
	<u>\$ 821,583</u>	<u>\$ 2,847,817</u>
	2023	
	<u>The Corporation</u>	<u>Rental Properties</u>
Cash	\$ 640,660	\$ 2,334,783
Current portion of restricted cash	-	210,090
Grants and rent receivable, net	328,131	314,057
Accounts receivable	<u>137,501</u>	<u>-</u>
	1,106,292	2,858,930
Less - development project cash and tenant security deposits	<u>(640,660)</u>	<u>(182,888)</u>
	<u>\$ 465,632</u>	<u>\$ 2,676,042</u>

The Corporation aims to maintain working capital balances of at least six months of operating expenses. As of December 31, 2024 and 2023, the Corporation had working capital (current assets less current liabilities) of \$(1,175,455) and \$(502,812), respectively.

In addition to internally funding predevelopment activities with their line of credit and operating funds, the Agency uses a variety of lenders in order to further finance predevelopment activities prior to closing on construction and permanent financing.

The Agency regularly monitors the availability of resources required to meet the operating needs of the rental projects. For purposes of analyzing resources available to meet general obligations over a twelve-month period, the Agency considers all expenditures related to the ongoing activities of operating rental housing to be general obligations, including the payment of debt service and contribution to reserves. The combined cash balance of the Rental Properties is not available to supplement the Agency's operations or other projects. Each project's liquidity must be evaluated individually.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

18. SUBSEQUENT EVENT

Subsequent to year end, the Bow Street and Linden Street properties were sold to Bow Linden LLC as part of a re-syndication of these projects. In connection with the sale of these properties, the Corporation received cash proceeds of approximately \$3,800,000, with an additional \$1,000,000 placed in escrow to be received by the Corporation upon completion of the project. Bow Linden LLC was awarded an allocation of Low-Income Housing Tax Credits (LIHTC) by the Executive Office of Housing and Livable Communities for the development of Bow and Linden Street properties (the "Project"). The Project will include sixty LIHTC residential units and a commercial unit located in Somerville, Massachusetts. Total development costs are estimated at approximately \$30,500,000.

The development will be financed through a combination of capital contributions and debt financing. Boston Financial Institutional Tax Credit 59 Limited Partnership, the Investor Member of the Project, will provide approximately \$9,099,000 in equity capital of which approximately \$1,800,000 was received as part of closing and were used to, as well as proceeds from the construction loan, to pay off certain development loans (see Notes 7 and 11).

The remaining funding will be provided through the following financing arrangements, all of which were closed in conjunction with the LIHTC award:

- Construction loan with Citizens Bank for borrowings up to \$18,000,000, at an interest rate of Secured Overnight Financing Rate with a floor of 1.00% plus 200 BPS, with a thirty-month term. Upon completion of construction, this loan will be paid down and converted to two permanent loans and assigned to MHP with total borrowings up to \$8,933,000 at a fixed interest rate ranging from 6.48% to 7.50%. Monthly payments of interest and principal are due with any outstanding principal and interest due at maturity (August 2047).
- A sellers note with Bow Street for borrowings up to \$1,638,658, bearing a fixed interest rate of 4.86%, compounded annually. This note includes the assignment of the \$166,500 from Bow Street, in which all outstanding deferred interest was forgiven by the Corporation. Payments are based on available cash flow as outlined in the operating agreement and any remaining principal and interest are at due maturity (January 2065).
- A sellers note with Linden Street for borrowings up to \$4,702,351, bearing a fixed interest rate of 4.86%, compounded annually. Payments are based on available cash flow as outlined in the operating agreement and any remaining principal and interest are at due maturity (January 2065).
- A thirty-year State LIHTC loan from the Corporation for borrowings up to \$3,900,000, with a fixed interest rate of 4.50%, compounded annually. Payments are based on available cash flow as outlined in the loan agreement and any remaining principal and interest are at due maturity (February 2055). The proceeds for the loan will come from the sale of State LIHTC.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2024 and 2023

18. SUBSEQUENT EVENT (Continued)

- In connection with the sale of the Linden Street property, Bow Linden assumed the following notes:
 - \$600,000 with the City of Somerville
 - \$210,000 with the Somerville Affordable Housing Trust Fund
 - \$660,000 with Massachusetts Affordable Housing Trust Fund

As part of the assignment and assumptions of these loans, the lenders forgave all of the outstanding deferred interest through the date of closing (February 25, 2025) and extended the maturity dates to February 25, 2048. The interest rate on the \$600,000 note with City of Somerville was updated to 1% and the other two notes were updated to 4.86%.

- In connection with the sale of the Bow Street property, Bow Linden assumed the following notes:
 - \$200,000 with the City of Somerville
 - \$120,000 with EOHLIC

As part of the assignment and assumptions of these loans, the lenders forgave all of the outstanding deferred interest, updated the interest rates to 4.86%, and extended the maturity to February 25, 2048.

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2024

Assets	Walnut Street	Gilman Street	Sewall Street	Bow Street	Cross Street	100 Homes	Linden Street	SPA	SPA 2	SPA 3	Union Square	Total
Current Assets:												
Cash	\$ 81,844	\$ 179,104	\$ 147,584	\$ 220,857	\$ 247,336	\$ 118,949	\$ 626,050	\$ 106,131	\$ 430,895	\$ 317,401	\$ 299,186	\$ 2,775,337
Current portion of restricted cash	12,681	-	-	21,962	-	15,801	-	32,374	27,020	43,976	42,261	196,075
Rent receivable, net	310	292	648	5,092	10,410	47,702	4,707	6,950	4,653	17,856	12,971	111,591
Due from related parties	-	-	-	-	-	-	-	115,221	-	-	-	115,221
Prepaid expenses	12,705	6,499	8,831	25,208	11,619	14,981	61,094	41,320	35,507	53,209	15,515	286,488
Total current assets	<u>107,540</u>	<u>185,895</u>	<u>157,063</u>	<u>273,119</u>	<u>269,365</u>	<u>197,433</u>	<u>691,851</u>	<u>301,996</u>	<u>498,075</u>	<u>432,442</u>	<u>369,933</u>	<u>3,484,712</u>
Restricted Cash, net of current portion	<u>313,264</u>	<u>25,894</u>	<u>70,583</u>	<u>289,062</u>	<u>110,223</u>	<u>356,793</u>	<u>224,530</u>	<u>436,264</u>	<u>502,440</u>	<u>345,377</u>	<u>191,757</u>	<u>2,866,187</u>
Property and Equipment:												
Land	396,000	114,500	50,000	43,560	615,000	15,394,471	1,360,775	922,562	1,202,229	1,704,683	1,844,393	23,648,173
Land improvements	-	2,100	-	-	-	-	184,067	462,615	905,511	942,289	683,535	3,180,117
Buildings and improvements	1,859,303	1,879,874	937,642	2,915,052	2,042,252	27,944,019	8,411,593	9,485,269	7,195,377	7,793,168	11,870,623	82,334,172
Furniture and equipment	37,636	17,008	3,983	6,056	6,955	103,871	412,784	371,466	447,563	318,631	300,034	2,025,987
	<u>2,292,939</u>	<u>2,013,482</u>	<u>991,625</u>	<u>2,964,668</u>	<u>2,664,207</u>	<u>43,442,361</u>	<u>10,369,219</u>	<u>11,241,912</u>	<u>9,750,680</u>	<u>10,758,771</u>	<u>14,698,585</u>	<u>111,188,449</u>
Less - accumulated depreciation	802,155	886,010	625,226	2,633,284	674,329	3,764,834	4,949,293	4,487,941	3,308,986	3,095,748	3,029,767	28,257,573
Net property and equipment	<u>1,490,784</u>	<u>1,127,472</u>	<u>366,399</u>	<u>331,384</u>	<u>1,989,878</u>	<u>39,677,527</u>	<u>5,419,926</u>	<u>6,753,971</u>	<u>6,441,694</u>	<u>7,663,023</u>	<u>11,668,818</u>	<u>82,930,876</u>
Other Assets:												
Projects under development	-	-	-	-	-	36,317	-	-	-	-	-	36,317
Due (to) from funds	-	-	-	-	-	(349,876)	-	-	-	-	-	(349,876)
Capitalized costs, net	-	-	-	-	-	-	-	-	-	-	8,158	8,158
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(313,559)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,158</u>	<u>(305,401)</u>
Total assets	<u>\$ 1,911,588</u>	<u>\$ 1,339,261</u>	<u>\$ 594,045</u>	<u>\$ 893,565</u>	<u>\$ 2,369,466</u>	<u>\$ 39,918,194</u>	<u>\$ 6,336,307</u>	<u>\$ 7,492,231</u>	<u>\$ 7,442,209</u>	<u>\$ 8,440,842</u>	<u>\$ 12,238,666</u>	<u>\$ 88,976,374</u>
Liabilities and Net Assets												
Current Liabilities:												
Current portion of long-term debt	\$ 40,579	\$ 32,158	\$ -	\$ -	\$ 18,801	\$ 487,108	\$ -	\$ 69,779	\$ 39,336	\$ 37,005	\$ 69,482	\$ 794,248
Current portion of contingent debt and deferred interest	-	250,000	-	-	-	-	-	8,234	175,254	11,799	-	445,287
Accounts payable and accrued expenses	29,543	25,230	30,068	56,911	40,730	1,019,031	91,257	102,179	93,478	88,598	164,042	1,741,067
Due to related parties	-	-	-	35,985	-	-	25,000	24,702	59,538	63,276	62,567	271,068
Total current liabilities	<u>70,122</u>	<u>307,388</u>	<u>30,068</u>	<u>92,896</u>	<u>59,531</u>	<u>1,506,139</u>	<u>116,257</u>	<u>204,894</u>	<u>367,606</u>	<u>200,678</u>	<u>296,091</u>	<u>3,251,670</u>
Long-Term Liabilities:												
Long-term debt, net	1,542,660	396,735	-	460,887	581,594	18,508,118	-	1,531,956	1,286,163	1,285,525	1,898,628	27,492,266
Conditional grant advance	-	-	-	-	-	10,221,321	-	-	-	-	-	10,221,321
Total long-term liabilities	<u>1,542,660</u>	<u>396,735</u>	<u>-</u>	<u>460,887</u>	<u>581,594</u>	<u>28,729,439</u>	<u>-</u>	<u>1,531,956</u>	<u>1,286,163</u>	<u>1,285,525</u>	<u>1,898,628</u>	<u>37,713,587</u>
Contingent Debt and Deferred Interest, net of current portion	<u>565,000</u>	<u>947,971</u>	<u>296,000</u>	<u>4,043,027</u>	<u>1,617,001</u>	<u>15,117,920</u>	<u>2,610,289</u>	<u>5,674,896</u>	<u>2,944,932</u>	<u>3,576,911</u>	<u>4,846,428</u>	<u>42,240,375</u>
Total liabilities	<u>2,177,782</u>	<u>1,652,094</u>	<u>326,068</u>	<u>4,596,810</u>	<u>2,258,126</u>	<u>45,353,498</u>	<u>2,726,546</u>	<u>7,411,746</u>	<u>4,598,701</u>	<u>5,063,114</u>	<u>7,041,147</u>	<u>83,205,632</u>
Net Assets:												
Net assets without donor restrictions:												
Operating	79,123	160,665	126,995	180,223	253,473	(1,171,474)	662,078	456,079	588,702	395,933	201,197	1,932,994
Property and equipment	(345,317)	(473,498)	140,982	(3,883,468)	(142,133)	(4,263,830)	2,947,683	(375,594)	2,254,806	2,981,795	4,996,322	3,837,748
Total net assets without donor restrictions	<u>(266,194)</u>	<u>(312,833)</u>	<u>267,977</u>	<u>(3,703,245)</u>	<u>111,340</u>	<u>(5,435,304)</u>	<u>3,609,761</u>	<u>80,485</u>	<u>2,843,508</u>	<u>3,377,728</u>	<u>5,197,519</u>	<u>5,770,742</u>
Total liabilities and net assets	<u>\$ 1,911,588</u>	<u>\$ 1,339,261</u>	<u>\$ 594,045</u>	<u>\$ 893,565</u>	<u>\$ 2,369,466</u>	<u>\$ 39,918,194</u>	<u>\$ 6,336,307</u>	<u>\$ 7,492,231</u>	<u>\$ 7,442,209</u>	<u>\$ 8,440,842</u>	<u>\$ 12,238,666</u>	<u>\$ 88,976,374</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2023

Assets	Walnut Street	Gilman Street	Sewall Street	Bow Street	Cross Street	100 Homes	Linden Street	SPA	SPA 2	SPA 3	Union Square	Total
Current Assets:												
Cash	\$ 68,630	\$ 98,170	\$ 110,755	\$ 228,072	\$ 172,969	\$ 105,390	\$ 344,226	\$ 165,817	\$ 407,276	\$ 362,979	\$ 270,499	\$ 2,334,783
Current portion of restricted cash	15,928	-	-	30,822	-	11,713	-	35,969	37,377	46,401	31,880	210,090
Rent receivable, net	6,930	822	2,052	2,286	12,827	243,274	7,813	11,083	8,115	10,010	8,845	314,057
Due from related party	-	-	-	-	-	-	-	57,681	-	-	-	57,681
Prepaid expenses	11,758	5,953	7,733	23,464	10,809	14,982	57,162	36,928	31,933	48,755	15,049	264,526
Total current assets	103,246	104,945	120,540	284,644	196,605	375,359	409,201	307,478	484,701	468,145	326,273	3,181,137
Restricted Cash, net of current portion	282,791	23,128	63,115	255,257	105,304	665,327	198,184	329,223	460,395	212,325	165,770	2,760,819
Property and Equipment:												
Land	396,000	114,500	50,000	43,560	615,000	15,394,471	1,360,775	922,562	1,202,229	1,704,683	1,844,393	23,648,173
Land improvements	-	2,100	-	-	-	-	184,067	462,615	897,816	942,289	683,535	3,172,422
Buildings and improvements	1,859,303	1,874,024	931,416	2,913,553	2,042,252	27,874,369	8,407,807	9,475,417	7,188,007	7,754,959	11,865,673	82,186,780
Furniture and equipment	27,509	11,471	3,436	6,056	6,955	96,686	395,160	313,759	431,224	315,758	295,227	1,903,241
	2,282,812	2,002,095	984,852	2,963,169	2,664,207	43,365,526	10,347,809	11,174,353	9,719,276	10,717,689	14,688,828	110,910,616
Less - accumulated depreciation	758,095	839,996	601,626	2,558,765	626,082	3,113,042	4,719,945	4,205,734	3,062,781	2,796,126	2,665,347	25,947,539
Net property and equipment	1,524,717	1,162,099	383,226	404,404	2,038,125	40,252,484	5,627,864	6,968,619	6,656,495	7,921,563	12,023,481	84,963,077
Other Assets:												
Projects under development	-	-	-	-	-	36,317	-	-	-	-	-	36,317
Due (to) from funds	-	-	-	-	-	(390,613)	-	-	-	-	-	(390,613)
Capitalized costs, net	-	-	-	-	-	-	-	-	-	697	12,183	12,880
Total other assets	-	-	-	-	-	(354,296)	-	-	-	697	12,183	(341,416)
Total assets	\$ 1,910,754	\$ 1,290,172	\$ 566,881	\$ 944,305	\$ 2,340,034	\$ 40,938,874	\$ 6,235,249	\$ 7,605,320	\$ 7,601,591	\$ 8,602,730	\$ 12,527,707	\$ 90,563,617
Liabilities and Net Assets												
Current Liabilities:												
Current portion of long-term debt	\$ 39,232	\$ 30,406	\$ -	\$ -	\$ 17,841	\$ 461,880	\$ -	\$ 65,673	\$ 36,731	\$ 34,924	\$ 71,443	\$ 758,130
Current portion of contingent debt and deferred interest	-	-	-	570,172	-	-	-	43,363	182,303	23,241	-	819,079
Accounts payable and accrued expenses	31,359	20,286	27,181	67,816	37,927	828,847	92,845	119,988	85,756	86,130	153,875	1,552,010
Current portion of due to related parties	-	-	-	67,871	-	-	50,000	23,334	57,320	63,626	64,715	326,866
Total current liabilities	70,591	50,692	27,181	705,859	55,768	1,290,727	142,845	252,358	362,110	207,921	290,033	3,456,085
Long-Term Liabilities:												
Long-term debt, net	1,578,834	430,936	-	478,060	600,065	18,980,213	-	1,596,175	1,322,524	1,321,244	1,935,658	28,243,709
Conditional grant advance	-	-	-	-	-	10,221,321	-	-	-	-	-	10,221,321
Due to related parties, net of current portion	-	-	-	-	-	-	195,000	-	-	-	-	195,000
Total long-term liabilities	1,578,834	430,936	-	478,060	600,065	29,201,534	195,000	1,596,175	1,322,524	1,321,244	1,935,658	38,660,030
Contingent Debt and Deferred Interest, net of current portion	565,000	1,198,067	296,000	3,191,223	1,617,001	15,156,848	3,730,268	5,545,463	3,038,333	3,517,246	4,786,807	42,642,256
Total liabilities	2,214,425	1,679,695	323,181	4,375,142	2,272,834	45,649,109	4,068,113	7,393,996	4,722,967	5,046,411	7,012,498	84,758,371
Net Assets:												
Net assets without donor restrictions:												
Operating	73,013	84,659	93,359	148,957	183,032	(723,684)	156,189	399,149	572,911	365,291	162,660	1,515,536
Property and equipment	(376,684)	(474,182)	150,341	(3,579,794)	(115,832)	(3,986,551)	2,010,947	(187,825)	2,305,713	3,191,028	5,352,549	4,289,710
Total net assets without donor restrictions	(303,671)	(389,523)	243,700	(3,430,837)	67,200	(4,710,235)	2,167,136	211,324	2,878,624	3,556,319	5,515,209	5,805,246
Total liabilities and net assets	\$ 1,910,754	\$ 1,290,172	\$ 566,881	\$ 944,305	\$ 2,340,034	\$ 40,938,874	\$ 6,235,249	\$ 7,605,320	\$ 7,601,591	\$ 8,602,730	\$ 12,527,707	\$ 90,563,617

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 2024

	Walnut Street	Gilman Street	Sewall Street	Bow Street	Cross Street	100 Homes	Linden Street	SPA	SPA 2	SPA 3	Union Square	Total
Operating Revenues:												
Rental income, net of vacancies and concessions	\$ 320,443	\$ 221,793	\$ 176,556	\$ 416,887	\$ 245,362	\$ 2,308,056	\$ 1,193,023	\$ 795,219	\$ 720,658	\$ 730,782	\$ 767,457	\$ 7,896,236
Interest and other income	20,360	367	2,247	14,776	13,367	13,322	19,751	20,059	34,051	22,373	18,281	178,954
Total operating revenues	<u>340,803</u>	<u>222,160</u>	<u>178,803</u>	<u>431,663</u>	<u>258,729</u>	<u>2,321,378</u>	<u>1,212,774</u>	<u>815,278</u>	<u>754,709</u>	<u>753,155</u>	<u>785,738</u>	<u>8,075,190</u>
Operating Expenses:												
Personnel and related:												
Consulting and rental contract labor	34,991	14,821	29,641	54,138	29,613	359,338	83,962	47,789	56,499	64,013	85,853	860,658
Occupancy:												
Mortgage interest	56,210	17,332	-	20,427	30,277	705,243	-	104,231	93,852	78,986	111,739	1,218,297
Repairs and maintenance	23,719	13,961	22,135	63,273	16,024	252,097	111,185	92,399	69,253	75,665	94,835	834,546
Utilities	13,851	15,909	27,927	57,943	38,299	278,931	146,335	72,081	66,822	68,534	62,676	849,308
Real estate taxes	25,806	13,008	161	30,728	17,583	196,791	85,514	55,233	47,435	62,935	44,011	579,205
Insurance	14,161	7,169	9,444	28,430	13,085	180,175	69,112	45,827	38,779	59,587	38,543	504,312
Total occupancy	<u>133,747</u>	<u>67,379</u>	<u>59,667</u>	<u>200,801</u>	<u>115,268</u>	<u>1,613,237</u>	<u>412,146</u>	<u>369,771</u>	<u>316,141</u>	<u>345,707</u>	<u>351,804</u>	<u>3,985,668</u>
Other:												
Management fees	14,351	11,189	7,992	15,000	12,676	119,933	59,266	32,941	35,603	34,779	38,098	381,828
Legal and accounting	17,445	2,831	7,714	23,205	4,255	85,665	19,854	31,094	30,306	29,283	30,099	281,751
Professional fees	-	-	10,400	-	-	67,659	-	-	-	-	-	78,059
Miscellaneous	1,759	910	850	4,238	827	48,013	27,334	1,825	8,853	3,950	8,081	106,640
Bad debts	8,226	-	3,541	7,400	-	94,882	5,077	17,188	10,985	21,356	11,350	180,005
Office expense	4,813	2,134	11,121	7,152	3,703	31,656	28,430	9,047	8,538	18,412	14,030	139,036
Total other	<u>46,594</u>	<u>17,064</u>	<u>41,618</u>	<u>56,995</u>	<u>21,461</u>	<u>447,808</u>	<u>139,961</u>	<u>92,095</u>	<u>94,285</u>	<u>107,780</u>	<u>101,658</u>	<u>1,167,319</u>
Total operating expenses before depreciation and amortization and interest - amortization	215,332	99,264	130,926	311,934	166,342	2,420,383	636,069	509,655	466,925	517,500	539,315	6,013,645
Depreciation and amortization	44,060	46,014	23,600	74,519	48,247	651,792	229,348	282,207	246,205	300,319	368,445	2,314,756
Interest - amortization	4,406	-	-	-	-	13,200	-	5,559	2,976	1,272	11,595	39,008
Total operating expenses	<u>263,798</u>	<u>145,278</u>	<u>154,526</u>	<u>386,453</u>	<u>214,589</u>	<u>3,085,375</u>	<u>865,417</u>	<u>797,421</u>	<u>716,106</u>	<u>819,091</u>	<u>919,355</u>	<u>8,367,409</u>
Changes in net assets without donor restrictions from operations	77,005	76,882	24,277	45,210	44,140	(763,997)	347,357	17,857	38,603	(65,936)	(133,617)	(292,219)
Other Revenue (Expenses):												
Loss on insurance claim	-	-	-	-	-	-	-	(22,403)	-	-	-	(22,403)
Forgiveness of debt	-	-	-	-	-	38,928	1,218,488	-	-	-	-	1,257,416
Incentive management fee	-	-	-	(35,985)	-	-	-	(24,702)	(59,538)	(57,712)	(62,567)	(240,504)
Partnership management and investor reporting fee	-	-	-	-	-	-	(25,000)	(7,287)	(8,554)	(6,720)	(6,149)	(53,710)
Deferred interest	-	(192)	-	(281,633)	-	-	(98,220)	(94,304)	(5,627)	(48,223)	(60,128)	(588,327)
Total other revenue (expenses)	<u>-</u>	<u>(192)</u>	<u>-</u>	<u>(317,618)</u>	<u>-</u>	<u>38,928</u>	<u>1,095,268</u>	<u>(148,696)</u>	<u>(73,719)</u>	<u>(112,655)</u>	<u>(128,844)</u>	<u>352,472</u>
Changes in net assets without donor restrictions	<u>\$ 77,005</u>	<u>\$ 76,690</u>	<u>\$ 24,277</u>	<u>\$ (272,408)</u>	<u>\$ 44,140</u>	<u>\$ (725,069)</u>	<u>\$ 1,442,625</u>	<u>\$ (130,839)</u>	<u>\$ (35,116)</u>	<u>\$ (178,591)</u>	<u>\$ (262,461)</u>	<u>\$ 60,253</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 2023

	Walnut Street	Gilman Street	Sewall Street	Bow Street	Cross Street	100 Homes	Linden Street	SPA	SPA 2	SPA 3	Union Square	Total
Operating Revenues:												
Rental income, net of vacancies and concessions	\$ 313,170	\$ 179,624	\$ 168,378	\$ 354,858	\$ 215,762	\$ 2,108,905	\$ 1,037,979	\$ 722,928	\$ 678,650	\$ 718,360	\$ 764,726	\$ 7,263,340
Interest and other income	17,061	308	2,699	12,276	2,123	8,818	21,448	31,765	37,298	16,753	33,503	184,052
Total operating revenues	<u>330,231</u>	<u>179,932</u>	<u>171,077</u>	<u>367,134</u>	<u>217,885</u>	<u>2,117,723</u>	<u>1,059,427</u>	<u>754,693</u>	<u>715,948</u>	<u>735,113</u>	<u>798,229</u>	<u>7,447,392</u>
Operating Expenses:												
Personnel and related:												
Personnel	-	-	-	-	-	227,584	-	-	-	-	-	227,584
Consulting and rental contract labor	32,978	13,718	26,714	49,370	30,291	-	80,131	51,488	52,162	59,260	78,823	474,935
Payroll taxes and fringe benefits	-	-	-	-	-	33,721	-	-	-	-	-	33,721
Total personnel and related	<u>32,978</u>	<u>13,718</u>	<u>26,714</u>	<u>49,370</u>	<u>30,291</u>	<u>261,305</u>	<u>80,131</u>	<u>51,488</u>	<u>52,162</u>	<u>59,260</u>	<u>78,823</u>	<u>736,240</u>
Occupancy:												
Mortgage interest	57,515	18,302	-	21,283	31,169	782,824	3,011	108,115	96,298	80,945	114,150	1,313,612
Repairs and maintenance	15,748	18,258	24,024	51,856	13,765	217,246	122,261	102,745	74,680	76,275	80,995	797,853
Utilities	16,222	19,314	28,320	57,905	33,185	171,775	134,494	63,254	73,701	64,929	137,544	800,643
Real estate taxes	25,120	12,662	-	29,616	16,972	310,484	83,247	48,786	46,175	61,263	53,619	687,944
Insurance	11,925	6,003	7,855	24,385	11,660	152,575	60,836	42,044	35,360	55,028	35,265	442,936
Total occupancy	<u>126,530</u>	<u>74,539</u>	<u>60,199</u>	<u>185,045</u>	<u>106,751</u>	<u>1,634,904</u>	<u>403,849</u>	<u>364,944</u>	<u>326,214</u>	<u>338,440</u>	<u>421,573</u>	<u>4,042,988</u>
Other:												
Management fees	14,020	8,960	7,992	15,000	10,656	40,800	52,847	33,018	34,470	35,630	40,093	293,486
Legal and accounting	16,727	2,260	8,599	21,540	5,853	46,700	17,615	41,979	41,836	32,206	38,242	273,557
Professional fees	-	-	10,399	-	-	32,553	-	-	-	-	-	42,952
Miscellaneous	132	1,537	1,007	3,148	1,900	21,295	5,429	3,345	9,417	5,395	8,052	60,657
Bad debts	-	-	979	12,570	12,178	199,402	-	3,710	3,733	5,695	-	238,267
Office expense	4,017	1,840	9,891	5,852	2,967	68,241	15,823	8,765	7,836	14,694	13,703	153,629
Total other	<u>34,896</u>	<u>14,597</u>	<u>38,867</u>	<u>58,110</u>	<u>33,554</u>	<u>408,991</u>	<u>91,714</u>	<u>90,817</u>	<u>97,292</u>	<u>93,620</u>	<u>100,090</u>	<u>1,062,548</u>
Total operating expenses before depreciation and amortization and interest - amortization	194,404	102,854	125,780	292,525	170,596	2,305,200	575,694	507,249	475,668	491,320	600,486	5,841,776
Depreciation and amortization	44,060	46,014	23,600	74,518	48,247	697,611	229,348	297,144	246,203	302,410	375,118	2,384,273
Interest - amortization	4,406	-	-	-	-	13,200	-	5,559	2,976	1,272	11,845	39,258
Total operating expenses	<u>242,870</u>	<u>148,868</u>	<u>149,380</u>	<u>367,043</u>	<u>218,843</u>	<u>3,016,011</u>	<u>805,042</u>	<u>809,952</u>	<u>724,847</u>	<u>795,002</u>	<u>987,449</u>	<u>8,265,307</u>
Changes in net assets without donor restrictions from operations	<u>87,361</u>	<u>31,064</u>	<u>21,697</u>	<u>91</u>	<u>(958)</u>	<u>(898,288)</u>	<u>254,385</u>	<u>(55,259)</u>	<u>(8,899)</u>	<u>(59,889)</u>	<u>(189,220)</u>	<u>(817,915)</u>
Other Revenue (Expenses):												
Gain on insurance claim	-	-	-	-	-	-	-	8,422	-	-	-	8,422
Incentive management fee	-	-	-	(34,601)	-	-	-	(23,334)	(57,320)	(58,062)	(64,715)	(238,032)
Partnership management and investor reporting fee	-	-	-	-	-	-	(25,000)	(7,096)	(8,305)	(6,524)	(5,970)	(52,895)
Deferred interest	-	(260)	-	(259,165)	-	-	(105,802)	(94,304)	(5,627)	(48,223)	(59,776)	(573,157)
Total other revenue (expenses)	<u>-</u>	<u>(260)</u>	<u>-</u>	<u>(293,766)</u>	<u>-</u>	<u>-</u>	<u>(130,802)</u>	<u>(116,312)</u>	<u>(71,252)</u>	<u>(112,809)</u>	<u>(130,461)</u>	<u>(855,662)</u>
Changes in net assets without donor restrictions	<u>\$ 87,361</u>	<u>\$ 30,804</u>	<u>\$ 21,697</u>	<u>\$ (293,675)</u>	<u>\$ (958)</u>	<u>\$ (898,288)</u>	<u>\$ 123,583</u>	<u>\$ (171,571)</u>	<u>\$ (80,151)</u>	<u>\$ (172,698)</u>	<u>\$ (319,681)</u>	<u>\$ (1,673,577)</u>

THE SOMERVILLE COMMUNITY CORPORATION, INC. AND AFFILIATES

Supplementary Consolidating Statements of Changes in Entities' Equity (Deficit) - Rental Properties
For the Years Ended December 31, 2024 and 2023

	<u>Walnut Street</u>	<u>Gilman Street</u>	<u>Sewall Street</u>	<u>Bow Street</u>	<u>Cross Street</u>	<u>100 Homes</u>	<u>Linden Street</u>	<u>SPA</u>	<u>SPA 2</u>	<u>SPA 3</u>	<u>Union Square</u>	<u>Total Rentals</u>
Net Assets, December 31, 2022	\$ (334,154)	\$ (420,327)	\$ 222,003	\$ (3,137,162)	\$ 68,158	\$ (3,811,947)	\$ 2,043,553	\$ 382,895	\$ 2,958,775	\$ 3,734,581	\$ 5,840,968	\$ 7,547,343
Distributions	(56,878)	-	-	-	-	-	-	-	-	(5,564)	(6,078)	(68,520)
Changes in net assets	<u>87,361</u>	<u>30,804</u>	<u>21,697</u>	<u>(293,675)</u>	<u>(958)</u>	<u>(898,288)</u>	<u>123,583</u>	<u>(171,571)</u>	<u>(80,151)</u>	<u>(172,698)</u>	<u>(319,681)</u>	<u>(1,673,577)</u>
Net Assets, December 31, 2023	(303,671)	(389,523)	243,700	(3,430,837)	67,200	(4,710,235)	2,167,136	211,324	2,878,624	3,556,319	5,515,209	5,805,246
Distributions	(39,528)	-	-	-	-	-	-	-	-	-	(55,229)	(94,757)
Changes in net assets	<u>77,005</u>	<u>76,690</u>	<u>24,277</u>	<u>(272,408)</u>	<u>44,140</u>	<u>(725,069)</u>	<u>1,442,625</u>	<u>(130,839)</u>	<u>(35,116)</u>	<u>(178,591)</u>	<u>(262,461)</u>	<u>60,253</u>
Net Assets, December 31, 2024	<u>\$ (266,194)</u>	<u>\$ (312,833)</u>	<u>\$ 267,977</u>	<u>\$ (3,703,245)</u>	<u>\$ 111,340</u>	<u>\$ (5,435,304)</u>	<u>\$ 3,609,761</u>	<u>\$ 80,485</u>	<u>\$ 2,843,508</u>	<u>\$ 3,377,728</u>	<u>\$ 5,197,519</u>	<u>\$ 5,770,742</u>