

SOME and Affiliates

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2016 and 2015

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

SOME and Affiliates

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Independent Auditor's Report

To the Board of Directors of SOME and Affiliates

We have audited the accompanying consolidated financial statements of SOME and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SOME and Affiliates as of December 31, 2016 and 2015, and the consolidated changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Guidance

As discussed in Note 2 to the financial statements, in 2016, SOME and Affiliates, adopted new accounting guidance related to the presentation of debt issuance costs. Our report is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information and supplemental schedules on pages 30 to 35 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Bethesda, Maryland
June 13, 2017

SOME and Affiliates

Consolidated Statements of Financial Position December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Assets</u>						
Current assets						
Cash and cash equivalents, undesignated	\$ 5,918,444	\$ 5,080,526	\$ 10,998,970	\$ 4,856,623	\$ 4,637,901	\$ 9,494,524
Cash and cash equivalents designated to investment in property and equipment	1,000,000	-	1,000,000	1,000,000	-	1,000,000
United Way contributions receivable	-	700,000	700,000	-	800,000	800,000
Accounts receivable	2,146,450	-	2,146,450	551,089	-	551,089
Grants receivable	618,618	-	618,618	729,512	-	729,512
Pledges receivable	-	737,500	737,500	-	725,000	725,000
Prepaid expenses and deposits	408,964	-	408,964	337,658	-	337,658
Total current assets	10,092,476	6,518,026	16,610,502	7,474,882	6,162,901	13,637,783
Other assets						
Investments	21,917,482	-	21,917,482	18,962,926	-	18,962,926
Pledges receivable - noncurrent	-	100,000	100,000	-	725,000	725,000
Security deposits	243,412	-	243,412	247,919	-	247,919
Other escrows	343,598	-	343,598	344,104	-	344,104
Development escrows	33,118,109	-	33,118,109	38,924,346	-	38,924,346
Restricted cash	5,137,216	-	5,137,216	4,566,869	-	4,566,869
Total other assets	60,759,817	100,000	60,859,817	63,046,164	725,000	63,771,164
Note receivable	14,739,128	-	14,739,128	14,739,128	-	14,739,128
Deferred fees, net of accumulated amortization	184,800	-	184,800	179,462	-	179,462
Property and equipment						
Land	12,036,445	-	12,036,445	11,266,945	-	11,266,945
Buildings and improvements	97,485,912	-	97,485,912	96,392,112	-	96,392,112
Furniture and fixtures	2,988,748	-	2,988,748	3,039,782	-	3,039,782
Vehicles	326,216	-	326,216	303,432	-	303,432
Leasehold improvements	66,417	-	66,417	66,417	-	66,417
Construction in process	37,232,766	-	37,232,766	16,446,598	-	16,446,598
Accumulated depreciation	(27,345,811)	-	(27,345,811)	(24,429,584)	-	(24,429,584)
Total property and equipment	122,790,693	-	122,790,693	103,085,702	-	103,085,702
Total assets	\$ 208,566,914	\$ 6,618,026	\$ 215,184,940	\$ 188,525,338	\$ 6,887,901	\$ 195,413,239

SOME and Affiliates

Consolidated Statements of Financial Position December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Liabilities and Net Assets</u>						
Current liabilities						
Accounts payable	\$ 5,960,151	\$ -	\$ 5,960,151	\$ 1,328,976	\$ -	\$ 1,328,976
Accrued payroll and withholding	318,455	-	318,455	283,663	-	283,663
Accrued vacation	708,207	-	708,207	710,714	-	710,714
Accrued interest payable - current	249,488	-	249,488	201,894	-	201,894
Accrued asset management fee	3,939	-	3,939	3,825	-	3,825
Deferred revenue	203,989	-	203,989	146,312	-	146,312
Lines of credit - current	5,000,000	-	5,000,000	3,000,000	-	3,000,000
Notes payable - current maturities	5,781,182	-	5,781,182	5,735,744	-	5,735,744
Total current liabilities	18,225,411	-	18,225,411	11,411,128	-	11,411,128
Long-term liabilities						
Security deposit payable	238,162	-	238,162	246,751	-	246,751
Accrued interest payable	1,935,710	-	1,935,710	1,553,750	-	1,553,750
Accrued asset management fee	800	-	800	776	-	776
Deferred revenue	117,488	-	117,488	-	-	-
Lines of credit	-	-	-	2,000,000	-	2,000,000
Notes payable, net of current maturities	98,052,990	-	98,052,990	89,790,850	-	89,790,850
Total long-term liabilities	100,345,150	-	100,345,150	93,592,127	-	93,592,127
Net assets						
Unrestricted - undesignated	1,899,753	-	1,899,753	2,136,933	-	2,136,933
Unrestricted - non-controlling	13,129,523	-	13,129,523	13,051,892	-	13,051,892
Unrestricted - board designated						
Expansion of Housing and other programs	26,558,904	-	26,558,904	12,348,839	-	12,348,839
Property and equipment	28,082,977	-	28,082,977	36,166,316	-	36,166,316
Other funds in escrow	3,525,196	-	3,525,196	3,018,103	-	3,018,103
Reserve for contingencies	11,000,000	-	11,000,000	11,000,000	-	11,000,000
Replacement and major repairs reserve	1,500,000	-	1,500,000	1,500,000	-	1,500,000
Pledge to support lines of credit	4,300,000	-	4,300,000	4,300,000	-	4,300,000
Total unrestricted - board designated	74,967,077	-	74,967,077	68,333,258	-	68,333,258
Temporarily restricted	-	6,618,026	6,618,026	-	6,887,901	6,887,901
Total net assets	89,996,353	6,618,026	96,614,379	83,522,083	6,887,901	90,409,984
Total liabilities and net assets	\$ 208,566,914	\$ 6,618,026	\$ 215,184,940	\$ 188,525,338	\$ 6,887,901	\$ 195,413,239

See Notes to Financial Statements.

SOME and Affiliates

Consolidated Statements of Activities Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Contributions	\$ 5,853,179	\$ 7,070,194	\$ 12,923,373	\$ 6,577,609	\$ 7,912,267	\$ 14,489,876
In-kind contributions	776,498	-	776,498	765,380	-	765,380
United Way contributions	-	611,246	611,246	17,202	800,000	817,202
Development fee income	3,560,162	-	3,560,162	862,690	-	862,690
Foundations	750,171	494,417	1,244,588	1,791,448	829,886	2,621,334
Grants	3,838,055	-	3,838,055	4,725,077	-	4,725,077
Rental income	7,790,846	-	7,790,846	7,646,896	-	7,646,896
Special events	1,423,870	-	1,423,870	1,421,374	-	1,421,374
Program service revenue	70,754	-	70,754	56,888	-	56,888
Insurance reimbursements	1,305,579	-	1,305,579	854,280	-	854,280
Legacies and bequests	1,966,098	-	1,966,098	740,795	-	740,795
Other	142,903	-	142,903	204,333	-	204,333
Satisfaction of restrictions	8,445,732	(8,445,732)	-	14,811,812	(14,811,812)	-
Total support and revenue	35,923,847	(269,875)	35,653,972	40,475,784	(5,269,659)	35,206,125
Expenses						
Emergency aid	2,318,993	-	2,318,993	2,153,043	-	2,153,043
Housing services	18,078,420	-	18,078,420	16,018,848	-	16,018,848
Health services	2,122,713	-	2,122,713	2,382,647	-	2,382,647
Elderly services	1,131,181	-	1,131,181	1,184,072	-	1,184,072
Mental health services	4,898,616	-	4,898,616	4,483,419	-	4,483,419
Education	2,068,597	-	2,068,597	1,973,602	-	1,973,602
Total program services	30,618,520	-	30,618,520	28,195,631	-	28,195,631
Supporting services						
Management and general	568,705	-	568,705	501,589	-	501,589
Fundraising	1,929,483	-	1,929,483	1,830,315	-	1,830,315
Total supporting services	2,498,188	-	2,498,188	2,331,904	-	2,331,904
Total expenses	33,116,708	-	33,116,708	30,527,535	-	30,527,535
Non-operating activities						
(Loss) gain on investments - net	723,905	-	723,905	(778,517)	-	(778,517)
(Loss) gain on disposition of fixed assets	-	-	-	(13,421)	-	(13,421)
Interest and dividends	657,976	-	657,976	413,406	-	413,406
Total non-operating activities	1,381,881	-	1,381,881	(378,532)	-	(378,532)
Change in net assets	4,189,020	(269,875)	3,919,145	9,569,717	(5,269,659)	4,300,058
Non-controlling interest income (loss)	(2,207,619)	-	(2,207,619)	(2,389,183)	-	(2,389,183)
Excess of revenue over expenses - attributable to SOME and Affiliates	\$ 6,396,639	\$ (269,875)	\$ 6,126,764	\$ 11,958,900	\$ (5,269,659)	\$ 6,689,241

See Notes to Financial Statements.

SOME and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2016

	Program Services					Supporting Services			Total
	Emergency Aid	Housing Services	Health Services	Elderly Services	Mental Health Services	Education	Management and General	Fundraising	
Salaries and wages	\$ 688,909	\$ 6,203,951	\$ 1,082,678	\$ 610,792	\$ 2,641,625	\$ 979,364	\$ 2,159,856	\$ 483,970	\$ 14,851,145
Employee benefits	165,093	1,461,188	214,059	131,236	685,043	274,099	545,978	134,110	3,610,806
Professional fees	14,733	473,157	23,072	6,243	28,085	46,724	278,773	443,110	1,313,897
Stipends	16,555	1,360	60	34,936	9,897	3,300	36,070	23,607	125,785
Contract services	-	59,652	192,333	58	164,387	10,749	3,321	63,317	493,817
Staff training	589	18,595	4,841	4,262	7,635	4,088	39,359	1,163	80,532
Meals and food	930,797	48,734	201	24,885	66,672	5,836	3,036	2,202	1,082,363
Repairs and maintenance	126,437	1,491,998	26,174	2,422	211,808	15,710	16,339	3,382	1,894,270
Supplies	70,711	145,450	107,357	9,657	69,822	65,348	64,510	85,845	618,700
Telephone	5,712	157,158	5,280	3,647	35,002	4,964	22,777	1,162	235,702
Postage	141	11,398	932	338	1,268	85	1,573	155,296	171,031
Printing and related costs	4,962	51,802	6,241	699	10,172	8,150	2,048	150,526	234,600
Transportation	6,190	44,545	3,714	7,668	12,156	13,097	5,231	14,147	106,748
Utilities	63,058	1,160,664	27,080	-	83,074	9,794	4,167	3,385	1,351,222
Real and personal property taxes	-	10,569	-	-	-	-	-	-	10,569
Rent	-	50,141	42	107,607	42	256,530	8,082	13,039	435,483
Permits	-	18,058	200	-	1,520	-	19,115	-	38,893
Lab tests	-	43,812	63,186	1,478	148	1,366	-	-	109,990
Client assistance and support	31	116,300	4,159	24,189	35,064	88,125	-	-	267,868
Fines and penalties	1,121	3,026	145	-	2,612	-	118	2,918	9,940
Investment fees and bank service charges	-	55,302	92	-	258	-	77,408	103,218	236,278
Interest expense	357	1,506,419	301	195	998	324	86,805	135	1,595,534
Dues and subscriptions	213	2,110	158	75	427	4,609	4,766	5,125	17,483
Insurance	21,732	311,484	48,480	14,112	82,428	21,912	59,366	8,652	568,166
Equipment and furniture	11,596	67,163	10,465	1,072	18,181	16,992	38,225	2,953	166,647
Advertising	686	7,786	1,408	-	4,326	1,453	18,717	38,424	72,800
List rental	-	7,392	-	-	-	-	-	58,145	65,537
Other	-	418,062	-	-	-	-	-	-	418,062
Total expenses before depreciation	2,129,623	13,947,276	1,822,658	985,571	4,172,650	1,832,619	3,495,640	1,797,831	30,183,868
Depreciation and amortization	27,216	2,670,867	45,216	1,843	104,184	5,457	60,321	17,736	2,932,840
Overhead allocation	162,154	1,460,277	254,839	143,767	621,782	230,521	(2,987,256)	113,916	-
Total expenses	\$ 2,318,993	\$ 18,078,420	\$ 2,122,713	\$ 1,131,181	\$ 4,898,616	\$ 2,068,597	\$ 568,705	\$ 1,929,483	\$ 33,116,708

SOME and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2015

	Program Services					Supporting Services			Total
	Emergency Aid	Housing Services	Health Services	Elderly Services	Mental Health Services	Education	Management and General	Fundraising	
Salaries and wages	\$ 675,370	\$ 5,635,099	\$ 1,195,201	\$ 603,207	\$ 2,441,230	\$ 965,625	\$ 1,840,910	\$ 453,805	\$ 13,810,447
Employee benefits	163,617	1,342,759	266,801	161,716	587,536	268,653	436,444	123,941	3,351,467
Professional fees	21,651	422,670	51,059	13,546	59,024	36,092	172,610	495,241	1,271,893
Stipends	8,900	3,392	3,000	64,715	7,682	3,000	11,985	9,690	112,364
Contract services	-	24,467	184,760	-	169,900	2,886	3,172	21,151	406,336
Staff training	1,826	7,355	6,452	610	4,313	1,307	27,957	3,540	53,360
Meals and food	867,089	58,002	106	62,255	69,733	5,385	2,939	5,053	1,070,562
Repairs and maintenance	95,563	1,107,173	34,979	2,507	141,284	10,353	17,899	10,193	1,419,951
Supplies	52,525	126,328	185,236	20,051	67,593	68,030	96,585	78,962	695,310
Telephone	5,209	139,224	5,991	2,425	33,881	4,228	5,397	1,401	197,756
Postage	11	10,916	1,486	579	1,679	238	3,374	178,150	196,433
Printing and related costs	3,706	33,308	2,721	1,008	4,583	7,394	3,069	139,118	194,907
Transportation	11,186	51,267	3,461	7,865	19,925	15,089	4,665	4,465	117,923
Utilities	50,137	1,147,271	25,170	-	81,204	7,760	3,146	3,146	1,317,834
Grant expense	-	-	-	-	-	-	12,995	-	12,995
Real estate taxes	-	-	-	-	-	-	659	-	659
Rent	-	100,291	-	79,023	-	253,371	12,480	17,772	462,937
Permits	35	713	553	-	1,699	-	25,063	(1,371)	26,692
Lab tests	-	16,169	62,437	1,420	57	1,875	25	-	81,983
Client assistance and support	45	81,085	4,854	19,326	31,203	80,603	1,000	-	218,116
Fines and penalties	9	1,550	-	-	118	-	348	-	2,025
Investment fees and bank service charges	-	5,830	-	-	359	-	121,132	86,594	213,915
Interest expense	602	1,414,111	421	270	1,364	369	28,533	189	1,445,859
Dues and subscriptions	25	6,161	1,388	78	7,341	913	5,491	6,858	28,255
Insurance	20,534	308,003	41,255	12,930	101,250	24,527	37,466	8,735	554,700
Equipment and furniture	4,580	45,850	3,323	786	24,940	786	35,805	1,809	117,879
Advertising	25	4,603	3,558	60	9,168	1,415	10,744	25,601	55,174
List rental	-	6,940	-	-	-	-	-	54,525	61,465
Other	-	10,230	-	-	-	-	-	-	10,230
Total expenses before depreciation	1,982,645	12,110,767	2,084,212	1,054,377	3,867,066	1,759,899	2,921,893	1,728,568	27,509,427
Depreciation and amortization	27,509	2,715,856	45,565	2,074	99,859	9,405	112,105	5,735	3,018,108
Overhead allocation	142,889	1,192,225	252,870	127,621	516,494	204,298	(2,532,409)	96,012	-
Total expenses	\$ 2,153,043	\$ 16,018,848	\$ 2,382,647	\$ 1,184,072	\$ 4,483,419	\$ 1,973,602	\$ 501,589	\$ 1,830,315	\$ 30,527,535

See Notes to Financial Statements.

SOME and Affiliates

Consolidated Statements of Changes in Net Assets Years Ended December 31, 2016 and 2015

	Controlling	Unrestricted Non-controlling	Total	Temporarily Restricted	Total
	Net Assets at January 1, 2015	\$ 58,511,291	\$ 7,198,870	\$ 65,710,161	\$ 12,157,560
Contributions from non-controlling members	-	8,242,205	8,242,205	-	8,242,205
Excess (deficiency) of revenue over expenses	<u>11,958,900</u>	<u>(2,389,183)</u>	<u>9,569,717</u>	<u>(5,269,659)</u>	<u>4,300,058</u>
Net Assets at December 31, 2015	70,470,191	13,051,892	83,522,083	6,887,901	90,409,984
Contributions from non-controlling members	-	2,285,250	2,285,250	-	2,285,250
Excess (deficiency) of revenue over expenses	<u>6,396,639</u>	<u>(2,207,619)</u>	<u>4,189,020</u>	<u>(269,875)</u>	<u>3,919,145</u>
Net Assets at December 31, 2016	<u><u>\$ 76,866,830</u></u>	<u><u>\$ 13,129,523</u></u>	<u><u>\$ 89,996,353</u></u>	<u><u>\$ 6,618,026</u></u>	<u><u>\$ 96,614,379</u></u>

See Notes to Financial Statements.

SOME and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 3,919,145	\$ 4,300,058
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization of tax credit fees	2,932,840	3,018,108
Amortization of debt issuance costs	63,772	78,527
Loss (gain) on investments - net	(723,905)	778,517
Loss on sale of fixed assets	-	13,421
Donated securities	(260,208)	(245,799)
Changes in assets and liabilities		
Accounts receivable	(1,595,361)	(446,347)
Contributions receivable	100,000	100,000
Grants receivable	110,894	(241,711)
Pledges receivable	612,500	(762,000)
Prepaid expenses	(71,306)	(290,697)
Other escrows	5,013	(222,406)
Accounts payable	429,278	(768,562)
Accrued payroll and withholding	34,792	(11,915)
Accrued vacation	(2,507)	50,144
Deferred revenue	175,165	(152,199)
Security deposits payable	(8,589)	(29,240)
Accrued interest	429,554	371,900
Accrued asset management fees	138	(9,262)
	6,151,215	5,530,537
Net cash provided by operating activities		
Cash flows from investing activities		
Investment in property and equipment	(18,419,116)	(5,947,715)
Proceeds from sales of marketable securities	9,454,655	67,701,591
Investment in marketable securities	(11,425,098)	(68,181,974)
Notes receivable	-	(14,739,128)
Change in development escrows	5,806,237	(38,924,346)
Change in restricted cash	(570,347)	(1,593,321)
Change in tax credit fees	(22,156)	-
	(15,175,825)	(61,684,893)
Net cash used in investing activities		

SOME and Affiliates

**Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015**

	2016	2015
Cash flows from financing activities		
Proceeds from note payable	10,376,983	50,464,788
Principal payments on notes payable	(1,885,789)	(7,233,576)
Contributions from members	2,285,250	8,242,205
Financing fees paid	(247,388)	-
	10,529,056	51,473,417
Net cash provided by financing activities		
	1,504,446	(4,680,939)
Cash and cash equivalents		
Beginning of year		
Cash and cash equivalents, undesignated	9,494,524	14,175,463
Cash and cash equivalents designated for investment in property and equipment	1,000,000	1,000,000
Total beginning of year	10,494,524	15,175,463
End of year		
Cash and cash equivalents, undesignated	10,998,970	9,494,524
Cash and cash equivalents designated for investment in property and equipment	1,000,000	1,000,000
Total end of year	\$ 11,998,970	\$ 10,494,524
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 1,102,208	\$ 995,432

Non cash investing activities

During the year ended December 31, 2016 and 2015, SOME received \$260,208 and \$245,799 in donated securities, respectively.

At December 31, 2016 and 2015, SOME had accrued construction costs of \$5,068,263 and \$866,366, respectively.

See Notes to Financial Statements.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Note 1 - Organization

SOME, Inc. was incorporated in November 1970 under the District of Columbia Non-Profit Corporation Act. SOME, Inc.'s mission is to help the poor and homeless of the nation's capital by providing food, medical and dental care, job training, addictions treatment, mental health programs and affordable housing with supportive services for families and individuals. Principal support for SOME, Inc. is in the form of program service fees, grants, and contributions from individuals, government agencies, foundations and corporations.

The consolidated financial statements include the accounts of SOME, Inc. and the following separately incorporated affiliates ("SOME and Affiliates or SOME").

Affordable Housing Opportunities, Inc. ("AHO"), an affiliate of SOME, was incorporated in the District of Columbia on January 19, 2005 as a nonprofit charitable organization and was organized for the purpose of developing and providing affordable housing.

The following real estate entity is a limited liability company, which is wholly owned by AHO, which operates an affordable multifamily housing community.

- BH, LLC ("BH")

The following list of tax credit entities is comprised of limited liability companies (LLCs) that rehabilitate and operate affordable housing communities. SOME, AHO and certain affiliated entities act in the capacity of managing member and/or developers for these tax credit entities.

- Benning Residential, LLC ("Residential")
- Benning Programs, LLC ("Programs")
- Benning Healthcare, LLC ("Healthcare")
- Supportive Housing Opportunities, LLC ("Supportive")
- Naylor Road, LLC ("Naylor")
- Zagami House, LLC ("Zagami")
- Scattered Site II, LLC ("Scattered Site")
- Altamont Place, LLC ("Altamont")
- Spring Road, LLC ("Spring")

The following list of for-profit entities, which are wholly owned by SOME or AHO, act in the capacity of managing members for affiliated tax credit entities.

- ZH LLC,
- SHO LLC,
- NR LLC,
- SSII LLC,
- BR, LLC,
- AP, LLC,
- SP, LLC.

The not-for-profit affiliates are commonly controlled by a majority of the same board members of SOME, Inc.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

The for-profit affiliates are controlled by SOME or AHO through its ownership of the managing members of the LLCs.

Note 2 - Summary of significant accounting policies

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Principles of consolidation

The consolidated financial statements include the accounts of SOME and its affiliates. The boards of the directors of SOME, Inc. and AHO have common members. The LLC entities are included in the consolidation according to generally accepted accounting principles which require company accounts be consolidated for all LLCs which are deemed to be controlled by SOME, Inc. Significant inter-organization accounts and transactions have been eliminated.

Basis of accounting

SOME and Affiliates ("SOME") prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Economic concentrations

SOME operates multiple properties located in Washington, D.C. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Concentration of credit risk

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

Cash and cash equivalents

SOME considers money market funds and highly-liquid overnight investments with original maturities of three months or less to be cash equivalents.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for tenant security deposits, repairs or improvements to the buildings which extend their useful lives, local rent supplement program reserves and bond reserves.

Accounts receivables and bad debts

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

allowance and a credit to trade accounts receivable. As of December 31, 2016 and 2015, the balance of the allowance for doubtful accounts was \$55,415 and \$46,424, respectively.

Pledges

Unconditional pledges to give are recognized as revenue in the period the pledges are received, and as assets, or decreases of liabilities or expenses depending on the form of the benefits received. Conditional pledges are recognized as revenue when the conditions on which they depend are substantially met. A conditional pledge is considered unconditional if the possibility that the condition will not be met is remote.

Pledges are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the promises. At December 31, 2016 and 2015, no allowance has been recorded. It is reasonably possible that management's estimate of the allowance will change. Pledges as of December 31, 2016 and 2015 are unconditional and considered fully collectible.

Property and equipment

Property and equipment are recorded at cost. Donated property is recorded at the estimated market value at the time of donation. Buildings are depreciated using the straight-line method over their estimated useful lives of 27.5 to 40 years. Other property and equipment purchases are capitalized and depreciated over their estimated useful lives ranging from 5 to 10 years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the related lease terms. Land improvements are depreciated over their estimated useful life of 15 years under the straight line method. Personal property is depreciated over its estimated useful life of 5 years under the straight-line method. Expenditures greater than \$10,000 that extend the useful life of the asset are capitalized.

Debt issuance costs

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

Deferred fees and amortization

During 2016 and 2015, deferred fees include tax credit fees of \$257,803 and \$235,647, respectively, which are amortized using the straight-line method over 15 years. Amortization expense for the years ended December 31, 2016 and 2015 was \$16,818 and \$15,710, respectively. Accumulated amortization as of December 31, 2016 and 2015 was \$73,003 and \$56,185, respectively. Estimated amortization expense for each of the years through 2021 is \$17,187.

Impairment of long-lived assets

SOME reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There was no impairment losses recognized during 2016 or 2015.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Investments

SOME's investments in marketable equity securities are carried at fair value and are classified as non-current as it is not management's intent to dispose of these securities during the next year. Investments in mutual funds and bonds are carried at fair value and classified as non-current based upon management's intent or applicable maturity dates. Income is recognized from interest and dividends as earned. Unrealized gains or losses are included in accompanying consolidated statements of activities.

Revenue recognition

Contributions are recognized as revenue when an unconditional promise to give is received by SOME. All contributions, and other types of revenue with restrictions imposed by the donor, are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Development fee income is recognized as income is earned by SOME upon the achievement of specified criteria as defined by the related development services agreements. Development fee receivable and development fee income earned from affiliates and payable from operational cash flow of the respective entities is eliminated during consolidation.

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Rental payments received in advance are deferred until earned. All leases between SOME and its tenants are operating leases. Subsidy income and other income, which includes fees for late payments and laundry facilities, are recorded when earned.

In-kind contributions

In-kind contributions of donated food and services have been reflected for those programs where recognition is allowed and the fair value can be reasonably estimated.

SOME utilizes the services of outside volunteers. However, the fair value of these services is not recognized in the accompanying consolidated financial statements, since they do not meet the criteria of being a specialized service that would typically need to be purchased and do not enhance or create assets.

Grants and contracts

SOME has various grants and contracts from federal and local governments and private foundations. For grants and cost reimbursable type contracts, revenue is recognized based on expenses incurred. For fixed price awards, revenue is determined based on the stated fixed rate for services provided. Grants receivable at year end represent uncollected revenue based on amounts earned.

Change in accounting principle

During 2016, the Organization adopted the provisions of Accounting Standards Update 2016-03, Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), which modifies the presentation of debt issuance costs and the related amortization. The change in accounting under ASU 2015-03 improves the reporting of debt issuance costs by no longer reporting them as assets. It also improves the reporting of the related amortization by including it as a component of interest expense. ASU 2015-03 has been adopted by the partnership on a retrospective basis. As a result, total assets as well as loans payable for the year ended 2015 have been reduced by the effect of the reclassification of debt issuance costs, net of accumulated amortization of \$1,201,453.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Advertising

Advertising costs are expensed when incurred. For the years ended December 31, 2016 and 2015, SOME and affiliates incurred advertising costs of \$72,800 and \$55,174, respectively.

Interest expense

Interest expense incurred to acquire properties is capitalized and recognized over the life of the related property. For the years ended December 31, 2016 and 2015, SOME capitalized interest in the amounts of \$1,298,064 and \$411,729, respectively. Interest expense for loans that bear interest at below market interest rates is imputed at 5%. The difference between the imputed interest expense and the interest expense is considered a conditional contribution due to the fact that the rates increase significantly in the event of default. Management evaluated the calculation of imputed interest on loans that bear below market interest rates and deemed that the overall imputed interest expense is immaterial for financial reporting purposes.

Income taxes

SOME, Inc. and its nonprofit affiliate, AHO, have applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2016 and 2015. Due to its tax exempt status, SOME, Inc. and AHO are not subject to income taxes. SOME, Inc. and AHO are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and SOME, Inc. and AHO have no other tax positions which must be considered for disclosure. Income tax returns filed by SOME, Inc. and AHO are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2013 remain open.

Barnaby House is a single member limited liability company. Therefore, this entity is treated as a disregarded entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income and deductions are passed through to and are reported by AHO on its income tax return. Accordingly, these consolidated financial statements do not reflect provisions or benefits for income taxes for this entity. Since this entity is not required to file income tax returns, it has no filings which are open to examination by the Internal Revenue Service.

All other affiliated entities have elected to be treated as pass through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective tax returns. The affiliated entities' federal tax status as pass-through entities are based on their legal status as limited liability companies. Accordingly, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. These affiliated entities are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for federal income taxes for these affiliated entities. However, these entities are located in the District of Columbia and the District of Columbia does not recognize flow through entities, and therefore, income in the District of Columbia is subject to tax. Accordingly, these statements include a provision for District of Columbia income taxes in the amount of \$250 for both the years ended December 31, 2016 and 2015. These affiliated entities have no other tax positions which must be considered for disclosure. Income tax returns filed by these affiliated

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

entities are subject to examination by the Internal Revenue Service for the period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2013 remain open.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are allocated to program and supporting services based on systematic methods. Additionally, overhead costs are allocated to the various functions based on the relative percentage of salaries and wages of each function to the total.

Non-controlling interest in Limited Liability Companies

This amount represent the aggregate balance of the investor members' equity interest in the non-wholly owned limited liability companies that are included in the consolidated financial as of years ended December 31, 2016 and 2015.

Fair value

The carrying amounts of the Organization's cash and cash equivalents, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Organization's long-term notes receivable, due from affiliates and notes payable is assessed by management based on analysis of underlying investments and historical trends.

Note 3 - Restricted cash

Borrower equity funds and debt service reserves

Pursuant to the operating agreements, as defined, of Residential, Supportive and Scattered Site, SOME maintains borrower equity funds and debt service reserves for payment of debt service. At December 31, 2016 and 2015, the balance in the debt service reserves was \$960,999 and \$1,104,486, respectively.

Replacement reserves

Pursuant to the operating agreements, as defined, of Residential, Supportive, Naylor, Zagami, and Scattered Site, SOME maintains replacement reserve deposits to fund capital improvements and repairs. At December 31, 2016 and 2015, the balance in the replacement reserve accounts was \$731,988 and \$559,440, respectively.

Operating reserves

Pursuant to the operating agreements, as defined, of Residential, Supportive, Naylor, and Scattered Site, SOME maintains operating reserve deposits to fund operating deficits. At December 31, 2016 and 2015, the balance in the operating reserves accounts was \$1,822,110 and \$1,820,569, respectively.

Revenue deficit reserve

Pursuant to the operating agreement, as defined, Scattered Site is required to deposit no less than \$164,454 into a revenue deficit reserve account at the time of the payment of the fourth installment of the Investor Member's capital contributions. As of December 31, 2016 and 2015, the balance in the debt service reserve was \$164,423 and \$0, respectively.

Working capital reserve

Pursuant to the operating agreement, as defined, Residential is required to deposit no less than \$332,000 into a working capital reserve account to fund construction costs of the Project. At December 31, 2016 and 2015, the balance of the working capital reserve was \$332,000.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Local Rent Supplement Program ("LRSP") reserve, pursuant to an agreement between Supportive and the Federal Home Loan Mortgage Corporation, dated August 1, 2010, SOME has committed to establish a LRSP reserve to pay operating expenses in the event of the occurrence of an operating deficit caused by the termination or reduction of rental subsidies provided by the District of Columbia Housing Authority. The \$1,500,000 reserve will be established with four annual payments of \$375,000 beginning in June 2014. Under certain conditions, this reserve can be returned to SOME in 10 annual payments beginning in June 2024. At December 31, 2016 and 2015, the balance in the LRSP reserve was \$1,125,696 and \$750,374, respectively.

Note 4 - Development escrows

Development escrows include cash restricted for the construction of Residential, Healthcare, and Programs. At December 31, 2016 and 2015, development escrows had a balance of \$33,118,109 and \$38,924,346, respectively.

Note 5 - Pledges and contributions

Pledges and contributions as of December 31, 2016 and 2015 are unconditional.

Pledges and contributions are considered fully collectible and are due as follow as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Pledges and contributions due in less than one year	\$ 1,437,500	\$ 1,525,000
Pledges and contributions to give due in one to three years	<u>100,000</u>	<u>725,000</u>
Total pledges and contributions	<u>\$ 1,537,500</u>	<u>\$ 2,250,000</u>

Note 6 - Financial statement presentation

SOME conforms with U.S. generally accepted accounting principles governing not-for-profit entities. Those principles require that contributions be recorded as restricted or unrestricted support depending on the existence and/or nature of any donor imposed restrictions. They further establish standards for external financial reporting by not-for-profit organizations and require that resources be classified for accounting and reporting purposes into three net asset categories - unrestricted, temporarily restricted and permanently restricted - according to externally (donor) imposed restrictions. SOME has no permanently restricted net assets. A description of the unrestricted and temporarily restricted net asset categories follows:

Unrestricted net assets - includes revenue and expenses associated with the principal mission of SOME. Unrestricted net assets include net assets that have been internally designated by the Board of Directors for specific purposes. See Note 9 for net asset designation.

Temporarily restricted net assets - generally includes contributions for which donor-imposed direct restrictions have not been met or donor contributions that have not been received.

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Notes to Consolidated Financial Statements December 31, 2016 and 2015

At December 31, 2016 and 2015, temporarily restricted net assets consisted of the following:

	2016	2015
Capital campaign	\$ 2,926,007	\$ 2,860,444
Housing initiative	1,410,736	782,828
Employment training	-	304,129
Major improvements	743,783	690,500
Time restricted	1,537,500	2,250,000
	\$ 6,618,026	\$ 6,887,901

As of December 31, 2016 and 2015, cash and cash equivalents reported as temporarily restricted net assets consisted of the following:

	2016	2015
Cash	\$ 5,080,526	\$ 4,637,901

Note 7 - Investments

The following represents investments held as of December 31, 2016 and 2015:

	2016	2015
Money market funds	\$ 113,374	\$ 926,038
Mutual funds	3,895,145	1,933,687
Fixed income	7,072,767	6,488,073
Equities	10,836,196	9,567,658
Other	-	47,470
	\$ 21,917,482	\$ 18,962,926

Investment income (loss) for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
Interest and dividends	\$ 657,976	\$ 413,406
(Loss)/gain on investments, net	723,905	(778,517)
	\$ 1,381,881	\$ (365,111)

The three levels of the fair value hierarchy under U.S. generally accepted accounting principles and the applicability to SOME's portfolio investments are described below:

Level 1 - quoted prices in active markets for identical investments.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 - significant unobservable inputs (including SOME's own assumption in determining the fair value of investments).

Pursuant to the operating agreement, as defined, of Zagami, SOME maintains operating reserve deposits to fund operating deficits. At December 31, 2016 and 2015, the balance in the operating reserve account was \$431,884 and \$600,773, respectively, and is included in investments on the accompanying statement of financial position.

Pursuant, to the operating agreement, as defined, of Altamont, SOME maintains sinking fund reserve deposits to fund operating deficits. At December 31, 2016 and 2016, the balance of the sinking fund was \$650,591 and \$0, respectively, which is included in Investment in the accompanying statement of financial position.

The following table sets forth by level, within the fair value hierarchy SOME's investments reported at fair value as of December 31, 2016:

<u>Description</u>	<u>Total Investments at 12/31/2016</u>	<u>Market Prices for Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 113,374	\$ 113,374	\$ -	\$ -
Mutual funds	3,895,146	3,895,146	-	-
Fixed income				
Investment grade	5,104,066	5,104,066	-	-
Other	1,968,700	1,968,700	-	-
Equities				
U. S. equities	5,913,133	5,913,133	-	-
Global equities	970,986	970,986	-	-
Non-U.S. equities	3,952,077	3,952,077	-	-
	<u>\$ 21,917,482</u>	<u>\$ 21,917,482</u>	<u>\$ -</u>	<u>\$ -</u>

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

The following table sets forth by level, within the fair value hierarchy SOME's investments reported at fair value as of December 31, 2015:

Description	Total Investments at 12/31/2015	Market Prices for Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 926,038	\$ 926,038	\$ -	\$ -
Mutual funds	1,933,687	1,933,687	-	-
Fixed income				
Investment grade	4,151,919	4,151,919	-	-
Other	2,336,154	2,336,154	-	-
Equities				
U. S. equities	5,264,554	5,264,554	-	-
Global equities	899,309	899,309	-	-
Non-U.S. equities	3,403,795	3,403,795	-	-
Other	47,470	47,470	-	-
	<u>\$ 18,962,926</u>	<u>\$ 18,962,926</u>	<u>\$ -</u>	<u>\$ -</u>

The following table shows what items the investments are pledged to as of December 31, 2016:

	2016	2015
Balance	\$ 21,917,482	\$ 18,962,926
Pledged to line of credits	(10,497,945)	(9,812,422)
Zagami operating reserve	(431,884)	(600,773)
Altamont sinking fund	(650,591)	-
Replacement reserves	<u>(1,547,471)</u>	<u>(1,360,940)</u>
Unpledged investments	<u>\$ 8,789,591</u>	<u>\$ 7,188,791</u>

Multi-asset mutual fund

SOME invested in a multi-asset fund of funds, comprised of global equities, high yield bonds, commodities, REITs, inflation-linked bonds, and cash equivalents. The investments held in the multi asset class fund were based on quoted prices for similar assets; therefore, SOME reports these investments as Level 2. This fund was redeemable at net asset value or its equivalent as of December 31, 2014. During 2015, the fund was redeemed. Additionally, there were no unfunded commitments on withdrawal restrictions.

Note 8 - Line-of-credit

SOME has a line-of-credit agreement with a commercial bank providing for borrowings of up to \$3,000,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at LIBOR +1.0% (1.77% at December 31, 2016). On October 26, 2016, the line-of-

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

credit was extended to September 30, 2017. Management expects to further extend the line-of-credit. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2016 and 2015, SOME had borrowed \$3,000,000 of the line-of-credit.

SOME has a second line-of-credit agreement with a commercial bank providing for borrowings of up to \$4,500,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at LIBOR +1.4% (2.17% at December 31, 2016). The line-of-credit matures July 30, 2017. Management expects to further extend the line-of-credit. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. At both December 31, 2016 and 2015, the outstanding balance was \$2,000,000.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Note 9 - Notes payable

Notes payable at December 31, 2016 and 2015 consisted of:

Name of Creditor	Maturity Date	Interest Rate	Balance as of 12/31/2016	Balance as of 12/31/2015	Other	Name of Debtor
City First Bank of DC	October 2017	4.50%	\$ 5,355,000	\$ 5,355,000		SOME, Inc.
Local Initiatives Support Corporation (LISC)	May 2017	0%	100,000	100,000	Recoverable grant will be repaid at the closure of construction financing for Spring Road	SOME, Inc.
Association of Sulpicians	August 2019	2.00%	50,000	50,000		SOME, Inc.
Cornerstone, Inc.	June 2018	1.00%	12,077	18,884		SOME, Inc.
California First National Bank	December 2018	4.65%	76,125	113,232		SOME, Inc.
PNC Bank	August 2022	6.93%	361,135	373,325		SOME, Inc.
DC Department of Housing and Community Development (DC DHCD)	July 2034	5.00%	1,000,075	1,035,463		SOME, Inc.
DC DHCD	April 2048	Non-interest bearing	771,104	771,104	Principal due at maturity in 2048	SOME, Inc.
Private party	July 2024	3.00%	1,000,000	1,000,000	Principal and interest due at maturity; loan forgiven upon lender's death	SOME, Inc.
Enterprise Community Loan Fund, Inc.	August 2023	6.00%	225,000	225,000	Principal and interest will be forgiven at maturity if loan conditions are met	AHO
DC DHCD	November 2038	3.00%	1,608,935	1,660,091		AHO
DC DHCD	March 2046	Non-interest bearing	1,025,500	1,042,833	March 2046 - Balloon of \$280,516	AHO
District of Columbia Housing Finance Agency (DCHFA)	November 2018	1.42%	8,300,000	8,300,000		Residential
Northmarq Finance, LLC	February 2058	4.35%	2,706,034	1,135,230	Maximum amount allowed to be drawn is \$8,300,000.	Residential
DCHFA (Citibank as Funding Lender)	October 2019	1.17%	10,792,096	4,079,224	Maximum amount allowed to be drawn is \$17,700,000; Interest based on 1-month LIBOR Rate.	Residential

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Name of Creditor	Maturity Date	Interest Rate	Balance as of 12/31/2016	Balance as of 12/31/2015	Other	Name of Debtor
DC DHCD	480 months after stabilization	Non-interest bearing	1,692,779	1,832,526	Maximum amount allowed to be drawn is \$17,947,789.	Residential
New Markets Support Company, LLC - Healthy Futures Financing Fund, LLC	April 2037	3.55%	13,514,375	13,514,375		Healthcare
City First Capital 37, LLC	October 2045	1.09%	9,800,000	9,800,000		Programs
Community Urban Revitalization Enterprises VII, LLC	October 2045	1.09%	10,976,520	10,976,520		Programs
DC DHCD	March 2053	1%	1,468,761	1,468,761		Altamont
Citybank	May 2018	0%	40,970	-	Maximum amount allowed to be drawn is \$4,150,000	Altamont
DC DHCD	April 2048	1.00%	992,534	994,597		Zagami
Builders Fund, LLC	November 2053	2.70%	2,000,000	2,000,000	Payable solely out of available cash flow.	Scattered Site
DC DHCD	April 2053	1.80%	4,780,000	2,792,117	Payable solely out of available cash flow; Maximum amount allowed to be drawn is \$4,780,000	Scattered Site
DC DHCD	April 2053	2.50%	900,000	900,000	Payable solely out of available cash flow	Scattered Site
DCHFA (Citibank as Funding Lender)	May 2031	2.16%	6,287,221	7,726,765	Maximum amount to be drawn is \$14,912,000	Scattered Site
DC DHCD	January 2050	2.00%	11,503,000	11,503,000	Payable solely out of available cash flow	Supportive
DCHFA	January 2044	4.09%	7,880,000	7,960,000	Maximum amount to be drawn is \$18,300,000	Supportive
			<u>105,219,241</u>	<u>96,728,047</u>		
		Less: Current maturities	(5,781,182)	(5,735,744)		
		Less: Debt issuance cost, net	(1,385,069)	(1,201,453)		
		Total long-term notes payable	<u>\$ 98,052,990</u>	<u>\$ 89,790,850</u>		

As of December 31, 2016 and 2015, all notes payable are solely collateralized by the respective rental properties owned by the affiliated entities responsible for each mortgage.

Debt issuance costs, net of accumulated amortization, totaled \$1,385,069 and \$1,201,453 as of December 31, 2016 and 2015, are related to the mortgages above. Debt issuance costs on the above notes are being amortized using imputed rates that range from 1.07% to 5.92%.

The aggregate amount of principal payments required on notes payable at December 31, 2016 are as follows:

December 31, 2017	\$ 5,781,182
2018	8,630,973
2019	11,139,076
2020	305,787
2021	315,132
Thereafter	<u>79,047,091</u>
Total	<u>\$ 105,219,241</u>

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Note 10 - Designations

The board of directors of SOME has designated unrestricted net assets for the following purposes as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Expansion of housing and other programs	\$ 26,558,904	\$ 12,348,839
Property and equipment	28,082,977	36,166,616
Other funds in escrow	3,525,196	3,018,103
Reserve for contingencies	11,000,000	11,000,000
Replacement and major repairs reserve	1,500,000	1,500,000
Pledge to support lines of credit	4,300,000	4,300,000
	<u>\$ 74,967,077</u>	<u>\$ 68,333,558</u>

Note 11 - Commitments and contingencies

Grant funds received by SOME are subject to audit by the various funding agencies. The management of SOME believes that adjustments, if any, as a result of such audits will not have a material effect upon SOME's level of support from grants. No provision has been made in the accompanying consolidated financial statements for any liability that may result.

The Project's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with tenant income eligibility and rent limits or to correct instances of noncompliance within a reasonable time period could result in recapture of previously claimed tax credits plus interest. In addition, any such noncompliance, if it were to occur, likely would result in an adjustment to the contributed capital of the investor limited partner.

Note 12 - Retirement plans

SOME has established a defined contribution, 401(k) plan. Participation in this plan is optional for all employees. SOME will match employee contributions, with a maximum of 10% for all employees who have completed one year of service. During the years ended December 31, 2016 and 2015, SOME contributed \$654,013 and \$626,346, respectively, to the plan.

In addition, SOME pays the premium for a split-dollar whole life insurance policy for a key employee. Under the terms of the policy, the cumulative annual premiums paid by SOME will be repaid from any death benefits. As of December 31, 2016 and 2015, SOME has paid cumulative premiums totaling \$568,575 and \$527,755, respectively.

Note 13 - Uninsured cash

SOME maintains its cash in bank deposit accounts which at times may exceed federally insured limits in the United States. The Federal Deposit Insurance Corporation ("FDIC") insures balances up to \$250,000 held at a financial institution. SOME has not experienced any losses, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Note 14 - Related party transaction

Asset management fee

SOME and affiliates incur asset management fees through Naylor and Scattered Site.

Pursuant to the Operating Agreement of Naylor, the investor member earns an annual asset management fee of \$3,500, beginning in 2012, which increases by 3% annually. The asset management fee is payable from available cash flow. During the years ended December 31, 2016 and 2015, asset management fees of \$3,939 and \$3,825, respectively, were incurred. As of December 31, 2016 and 2015, \$3,939 and \$3,825, respectively, were payable.

The investor member receives an original annual asset management fee of \$5,000 which increases annually by 3% pursuant to the Operating Agreement of Scattered Site. For the years ended December 31, 2016 and 2015, \$5,463 and \$5,304, respectively, were incurred and paid.

Note 15 - Note receivable

SOME has a note receivable with Twain Investment Fund 88, LLC in the original amount of \$14,739,128. The funds were advanced in relation to Program's New Market Tax Credits ("NMTC"). The note bears interest at 1% and matures on October 30, 2045. Interest-only payments are due quarterly beginning in October of 2015. Beginning in 2022, principal and interest payments of \$244,344 will be due quarterly. At December 31, 2016 and 2015, the note receivable balance was \$14,739,128.

Note 16 - Construction contracts

On October 30, 2015, Residential entered into a construction contract with Bozzuto Contractors, Inc. an unrelated third party, guaranteed by the contractor not to exceed \$32,746,847, subject to additions or deduction by change orders. As of December 31, 2016, approved change orders of \$1,530,200 increased the contract amount to \$34,277,047. As of December 31, 2016 and 2015, \$10,719,648 and \$754,651 of costs have been incurred, of which \$2,628,684 and \$367,790 remain payable, including \$1,050,390 and \$51,371 of retainage, which is included in accounts payable.

On October 30, 2015, AHO, Healthcare, and Programs entered into a construction contract with Bozzuto Contractors, Inc. an unrelated third party, guaranteed by the contractor not to exceed \$28,186,157, subject to additions or deduction by change orders. As of December 31, 2016, approved change orders of \$923,889 increased the contract amount to \$29,110,046. As of December 31, 2016, \$8,543,326 and \$1,454,669 of costs has been incurred, of which \$2,628,684 and \$449,498 remains payable, including \$783,175 and \$72,330 of retainage, and is included in accounts payable.

On October 5, 2016, Altamont entered into a construction contract with Eichberg Construction, Inc. an unrelated third party, guaranteed by the contractor not to exceed \$3,250,206, subject to additions or deduction by change orders. As of December 31, 2016, approved change orders of \$52,569 increased the contract amount to \$3,302,775. As of December 31, 2016, \$428,483 of costs has been incurred, of which \$428,483 remains payable, including \$40,452 of retainage, and is included in accounts payable.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Note 17 - Construction in progress

Construction in progress consisted of the following as of December 31, 2016 and 2015:

<u>Project name</u>	<u>2016</u>	<u>2015</u>
Altamont	\$ 2,164,052	\$ 2,057,416
AHO	159,835	50,915
Residential	17,046,653	5,093,538
Programs	6,438,976	2,302,743
Healthcare	5,591,612	1,432,486
Walter Reed	136,874	35,710
Spring Road	5,694,764	5,473,790
	<u>\$ 37,232,766</u>	<u>\$ 16,446,598</u>

Note 18 - Guarantees

SOME and affiliates issue a variety of guarantees in the course of developing properties. The guarantees are generally issued in the favor of the investor members or lenders. Guarantees as of December 31, 2016 and 2015 consist of the following:

Operating deficit guarantees

Operating deficit guarantees are commitments to fund future operating deficits of its affiliated limited liability companies. The guarantees are issued in favor of tax credit limited liability companies, and generally are for the 15-year period when the investor is expected to hold its investor member interest, or for shorter periods (for example, three to five years after the project has achieved break-even or stabilized operations, or a certain debt service coverage ratio, as defined in the respective agreements).

In addition, SOME has a maximum \$2 million exposure to replenish the operating reserve fund of Supportive if the reserve falls below \$500,000.

Tax credit guarantees

Tax benefits guarantees are guarantees that properties financed in part by federal tax credit allocations will realize a flow of tax benefits in the form of low income tax credits to the investors in tax credit limited liability companies over the tax compliance period of 15 years after initial lease-up.

Construction guarantees

Construction related guarantees are commitments to fund the development and lease up of a project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received.

Right-sized permanent loan

Pertaining to Residential, SOME has guaranteed to fund any difference between the amount of debt underwritten and the eventual permanent financing received.

The maximum amount of future payments SOME could be required to pay under these guarantees ranges from a fixed to an unlimited amount based on the guarantees. However, in management's judgment, there are numerous factors which reduce or limit SOME's exposure.

SOME and Affiliates

Notes to Consolidated Financial Statements December 31, 2016 and 2015

If SOME believes a liability associated with any of the aforementioned commitments becomes probable and the amount of the liability is reasonably estimable or the maximum amount of a range of loss is reasonably estimable, then an appropriate liability is established. SOME recognizes a liability for the obligation it has undertaken in issuing the guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that a specific triggering event or conditions occur.

SOME has evaluated the fair value of each guarantee entered into and determined that no material liability to be recorded as of December 31, 2016 or 2015.

Note 19 - Subsequent events

Events that occur after the consolidated statements of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of the subsequent events that provide evidence about conditions at the consolidated statements of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about the conditions that existed after the consolidated statements of financial position date require disclosure in the accompanying notes. Management evaluated the activity of SOME through June 13, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except for, on May 10, 2017, SOME, Inc. sold property for \$5,221,513 to Spring Road, LLC, a related party. In addition, as part of the settlement, the construction loan with a balance of \$5,355,000 at December 31, 2016 was paid in full.

Supplementary Information

SOME and Affiliates

**Consolidating Schedules of Financial Position
December 31, 2016**

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
Assets								
Current assets								
Cash and equivalents, undesignated	\$ 9,794,671	\$ 68,784	\$ 23,050	\$ -	\$ 9,886,505	\$ 1,112,465	\$ -	\$ 10,998,970
Cash and equivalents designated to investment in property and equipment	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Contributions receivable	700,000	-	-	-	700,000	-	-	700,000
Accounts receivable	3,952,182	694,199	509	(1,015,171)	3,631,719	77,944	(1,563,213)	2,146,450
Grants receivable	618,618	-	-	-	618,618	-	-	618,618
Pledges receivable	737,500	-	-	-	737,500	-	-	737,500
Prepaid expenses and deposits	351,819	5,436	-	-	357,255	51,709	-	408,964
	<u>17,154,790</u>	<u>768,419</u>	<u>23,559</u>	<u>(1,015,171)</u>	<u>16,931,597</u>	<u>1,242,118</u>	<u>(1,563,213)</u>	<u>16,610,502</u>
Other assets								
Investments in affiliates	2,030,697	1,664,636	-	(3,695,333)	-	-	-	-
Investments	21,917,482	-	-	-	21,917,482	-	-	21,917,482
Pledges receivable - non-current	100,000	-	-	-	100,000	-	-	100,000
Security deposits	33,329	37,708	-	-	71,037	172,375	-	243,412
Other escrows	274,484	-	6,473	-	280,957	62,641	-	343,598
Development escrows	-	-	-	-	-	33,118,109	-	33,118,109
Restricted cash	-	-	-	-	-	5,137,216	-	5,137,216
	<u>24,355,992</u>	<u>1,702,344</u>	<u>6,473</u>	<u>(3,695,333)</u>	<u>22,369,476</u>	<u>38,490,341</u>	<u>-</u>	<u>60,859,817</u>
Notes receivable, net	<u>31,817,890</u>	<u>-</u>	<u>-</u>	<u>(477,980)</u>	<u>31,339,910</u>	<u>-</u>	<u>(16,600,782)</u>	<u>14,739,128</u>
Deferred fees, net of accumulated amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,800</u>	<u>-</u>	<u>184,800</u>
Property and equipment								
Land	2,030,589	554,283	434,587	-	3,019,459	9,016,986	-	12,036,445
Buildings and improvements	22,847,422	7,255,105	1,828,945	-	31,931,472	71,228,340	(5,673,900)	97,485,912
Furniture and fixtures	1,517,448	325,717	-	-	1,843,165	1,145,583	-	2,988,748
Vehicles	326,216	-	-	-	326,216	-	-	326,216
Leasehold improvements	66,417	-	-	-	66,417	-	-	66,417
Construction in process	5,831,631	159,835	-	-	5,991,466	31,288,533	(47,233)	37,232,766
Accumulated depreciation	<u>(12,455,988)</u>	<u>(3,732,145)</u>	<u>(296,165)</u>	<u>-</u>	<u>(16,484,298)</u>	<u>(11,284,819)</u>	<u>423,306</u>	<u>(27,345,811)</u>
Total property and equipment	<u>20,163,735</u>	<u>4,562,795</u>	<u>1,967,367</u>	<u>-</u>	<u>26,693,897</u>	<u>101,394,623</u>	<u>(5,297,827)</u>	<u>122,790,693</u>
Total assets	<u>\$ 93,492,407</u>	<u>\$ 7,033,558</u>	<u>\$ 1,997,399</u>	<u>\$ (5,188,484)</u>	<u>\$ 97,334,880</u>	<u>\$ 141,311,882</u>	<u>\$ (23,461,822)</u>	<u>\$ 215,184,940</u>

SOME and Affiliates

**Consolidating Schedules of Financial Position
December 31, 2016**

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
Liabilities and Net Assets								
Current liabilities								
Accounts payable	\$ 646,712	\$ 44,206	\$ 20,178	\$ (2,000)	\$ 709,096	\$ 5,251,055	\$ -	\$ 5,960,151
Accrued payroll and withholding	318,455	-	-	-	318,455	-	-	318,455
Accrued vacation	708,207	-	-	-	708,207	-	-	708,207
Accrued interest payable - 3rd party	15,000	-	-	-	15,000	234,488	-	249,488
Due to affiliates	630,797	328,186	54,188	(1,013,171)	-	361,890	(361,890)	-
Accrued asset management fee	-	-	-	-	-	3,939	-	3,939
Deferred revenue - current	195,437	1,320	16	-	196,773	7,216	-	203,989
Lines of credit - current	5,000,000	-	-	-	5,000,000	-	-	5,000,000
Notes payable - current maturities	5,551,128	70,713	277,980	(277,980)	5,621,841	159,341	-	5,781,182
Total current liabilities	13,065,736	444,425	352,362	(1,293,151)	12,569,372	6,017,929	(361,890)	18,225,411
Long-term liabilities								
Security deposit payable	44,196	34,912	-	-	79,108	159,054	-	238,162
Accrued interest payable - related party	-	-	-	-	-	2,311,117	(2,311,117)	-
Accrued interest payable - 3rd party	-	-	-	-	-	1,935,710	-	1,935,710
Developer fee payable	-	-	-	-	-	5,673,900	(5,673,900)	-
Accrued asset management fee	-	-	-	-	-	800	-	800
Due to affiliates	-	-	-	-	-	1,212,536	(1,212,536)	-
Deferred revenue	117,488	-	-	-	117,488	-	-	117,488
Notes payable, net of current maturities	3,174,388	2,788,722	-	-	5,963,110	92,089,880	-	98,052,990
Notes payable - SOME	-	200,000	-	(200,000)	-	18,757,515	(18,757,515)	-
Total long-term liabilities	3,336,072	3,023,634	-	(200,000)	6,159,706	122,140,512	(27,955,068)	100,345,150
Net assets	77,090,599	3,565,499	1,645,037	(3,695,333)	78,605,802	13,153,441	4,855,136	96,614,379
Total liabilities and net assets	\$ 93,492,407	\$ 7,033,558	\$ 1,997,399	\$ (5,188,484)	\$ 97,334,880	\$ 141,311,882	\$ (23,461,822)	\$ 215,184,940

See Independent Auditor's Report.

SOME and Affiliates

**Consolidating Schedules of Activities
Year Ending December 31, 2016**

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
Support and revenue								-
Contributions	\$ 12,923,373	\$ -	\$ -	\$ -	\$ 12,923,373	\$ -	\$ -	\$ 12,923,373
In-kind contributions	776,498	-	-	-	776,498	-	-	776,498
United Way allocation	611,246	-	-	-	611,246	-	-	611,246
Management fee income	2,156,999	-	-	(60,229)	2,096,770	-	(2,096,770)	-
Development fee income	3,560,162	-	-	-	3,560,162	-	-	3,560,162
Foundations	1,244,588	-	-	-	1,244,588	-	-	1,244,588
Grants	3,838,055	335,734	-	(335,734)	3,838,055	77,338	(77,338)	3,838,055
Rental income	2,011,633	1,045,769	154,335	-	3,211,737	4,579,109	-	7,790,846
Operating subsidy from SOME, Inc.	-	-	-	-	-	207,194	(207,194)	-
Special events	1,423,870	-	-	-	1,423,870	-	-	1,423,870
Program service revenue	70,754	-	-	-	70,754	-	-	70,754
Insurance reimbursements	1,305,579	-	-	-	1,305,579	-	-	1,305,579
Legacies and bequests	1,966,098	-	-	-	1,966,098	-	-	1,966,098
Other	33,643	18,440	1,239	-	53,322	89,581	-	142,903
Total support and revenue	<u>31,922,498</u>	<u>1,399,943</u>	<u>155,574</u>	<u>(395,963)</u>	<u>33,082,052</u>	<u>4,953,222</u>	<u>(2,381,302)</u>	<u>35,653,972</u>
Expenses								
Program services								
Emergency aid	2,318,993	-	-	-	2,318,993	-	-	2,318,993
Housing services	12,658,092	1,348,890	237,114	(395,963)	13,848,133	7,139,184	(2,908,897)	18,078,420
Health services	2,122,713	-	-	-	2,122,713	-	-	2,122,713
Elderly services	1,131,181	-	-	-	1,131,181	-	-	1,131,181
Mental health services	4,898,616	-	-	-	4,898,616	-	-	4,898,616
Education	2,068,597	-	-	-	2,068,597	-	-	2,068,597
Total program services	<u>25,198,192</u>	<u>1,348,890</u>	<u>237,114</u>	<u>(395,963)</u>	<u>26,388,233</u>	<u>7,139,184</u>	<u>(2,908,897)</u>	<u>30,618,520</u>
Supporting services								
Management and general	568,705	-	-	-	568,705	-	-	568,705
Fundraising	1,929,483	-	-	-	1,929,483	-	-	1,929,483
Total supporting services	<u>2,498,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,498,188</u>	<u>-</u>	<u>-</u>	<u>2,498,188</u>
Total expenses	<u>27,696,380</u>	<u>1,348,890</u>	<u>237,114</u>	<u>(395,963)</u>	<u>28,886,421</u>	<u>7,139,184</u>	<u>(2,908,897)</u>	<u>33,116,708</u>
Non-operating activities								
(loss) gain on investments - net	723,905	-	-	-	723,905	-	-	723,905
Interest and dividends	654,374	-	-	-	654,374	3,602	-	657,976
Total non-operating activities	<u>1,378,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,378,279</u>	<u>3,602</u>	<u>-</u>	<u>1,381,881</u>
Change in net assets	<u>\$ 5,604,397</u>	<u>\$ 51,053</u>	<u>\$ (81,540)</u>	<u>\$ -</u>	<u>\$ 5,573,910</u>	<u>\$ (2,182,360)</u>	<u>\$ 527,595</u>	<u>\$ 3,919,145</u>

SOME and Affiliates

**Consolidating Schedules of Financial Position - Real Estate Entities
December 31, 2016**

	Real Estate									
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Total
Assets										
Current assets										
Cash and equivalents, undesignated	\$ 138,979	\$ 40,154	\$ 329,280	\$ 78,597	\$ 86,903	\$ 31,944	\$ 405,892	\$ 230	\$ 486	\$ 1,112,465
Accounts receivable	9,657	-	-	35,742	15,997	2,007	14,541	-	-	77,944
Prepaid expenses and deposits	8,333	-	-	43,376	-	-	-	-	-	51,709
	<u>156,969</u>	<u>40,154</u>	<u>329,280</u>	<u>157,715</u>	<u>102,900</u>	<u>33,951</u>	<u>420,433</u>	<u>230</u>	<u>486</u>	<u>1,242,118</u>
Other assets										
Security deposits	-	-	-	87,462	23,336	6,963	54,614	-	-	172,375
Other escrows	-	-	-	62,641	-	-	-	-	-	62,641
Development escrows	8,544,000	15,500,087	9,036,288	-	-	-	37,734	-	-	33,118,109
Restricted cash	581,000	-	-	3,262,229	196,504	36,865	1,060,618	-	-	5,137,216
	<u>9,125,000</u>	<u>15,500,087</u>	<u>9,036,288</u>	<u>3,412,332</u>	<u>219,840</u>	<u>43,828</u>	<u>1,152,966</u>	<u>-</u>	<u>-</u>	<u>38,490,341</u>
Deferred fees, net of accumulated amortization	-	-	-	70,681	33,715	5,132	75,272	-	-	184,800
Property and equipment										
Land	2,815,392	1,206,719	955,314	1,989,045	424,458	153,537	703,021	769,500	-	9,016,986
Buildings and improvements	-	-	-	33,283,610	10,124,044	3,547,472	24,273,214	-	-	71,228,340
Furniture and fixtures	-	-	-	836,380	171,494	9,180	128,529	-	-	1,145,583
Construction in process	17,093,886	6,438,976	5,591,612	-	-	-	-	2,164,052	7	31,288,533
Accumulated depreciation	-	-	-	(6,862,245)	(1,410,799)	(1,177,887)	(1,833,888)	-	-	(11,284,819)
Total property and equipment	<u>19,909,278</u>	<u>7,645,695</u>	<u>6,546,926</u>	<u>29,246,790</u>	<u>9,309,197</u>	<u>2,532,302</u>	<u>23,270,876</u>	<u>2,933,552</u>	<u>7</u>	<u>101,394,623</u>
Total assets	<u>\$ 29,191,247</u>	<u>\$ 23,185,936</u>	<u>\$ 15,912,494</u>	<u>\$ 32,887,518</u>	<u>\$ 9,665,652</u>	<u>\$ 2,615,213</u>	<u>\$ 24,919,547</u>	<u>\$ 2,933,782</u>	<u>\$ 493</u>	<u>\$ 141,311,882</u>

SOME and Affiliates

**Consolidating Schedules of Financial Position - Real Estate Entities
December 31, 2016**

	Real Estate									
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Total
Liabilities and Net Assets										
Current liabilities										
Accounts payable	\$ 2,700,535	\$ 1,090,191	\$ 923,125	\$ 12,392	\$ 2,515	\$ 2,280	\$ 51,618	\$ 467,899	\$ 500	\$ 5,251,055
Accrued interest payable - 3rd party	-	-	41,344	166,209	-	827	23,630	2,478	-	234,488
Due to affiliates	159,929	54,034	42,600	-	27,655	-	30,132	47,540	-	361,890
Accrued asset management fee	-	-	-	-	3,939	-	-	-	-	3,939
Deferred revenue	-	-	-	5,471	636	76	1,033	-	-	7,216
Notes payable - current maturities	-	-	-	80,000	-	2,084	77,257	-	-	159,341
Total current liabilities	<u>2,860,464</u>	<u>1,144,225</u>	<u>1,007,069</u>	<u>264,072</u>	<u>34,745</u>	<u>5,267</u>	<u>183,670</u>	<u>517,917</u>	<u>500</u>	<u>6,017,929</u>
Long-term liabilities										
Security deposit payable	-	-	-	85,823	22,262	5,795	45,174	-	-	159,054
Accrued interest payable - related party	47,233	-	-	1,635,460	590,943	37,481	-	-	-	2,311,117
Accrued interest payable - 3rd party	-	-	-	1,466,631	-	-	469,079	-	-	1,935,710
Developer fee payable	1,578,573	-	305,935	1,373,609	916,100	-	1,286,746	212,937	-	5,673,900
Accrued asset management fee	-	-	-	-	-	800	-	-	-	800
Due to affiliates	-	-	-	974,494	-	238,042	-	-	-	1,212,536
Notes payable, net of current maturities	23,490,909	20,776,520	13,514,375	18,808,106	-	982,090	13,231,128	1,286,752	-	92,089,880
Notes payable - SOME	944,664	1,249,820	1,075,000	10,647,666	2,000,000	392,680	2,447,685	-	-	18,757,515
Total long-term liabilities	<u>26,061,379</u>	<u>22,026,340</u>	<u>14,895,310</u>	<u>34,991,789</u>	<u>3,529,305</u>	<u>1,656,888</u>	<u>17,479,812</u>	<u>1,499,689</u>	<u>-</u>	<u>122,140,512</u>
Net assets	<u>269,404</u>	<u>15,371</u>	<u>10,115</u>	<u>(2,368,343)</u>	<u>6,101,602</u>	<u>953,058</u>	<u>7,256,065</u>	<u>916,176</u>	<u>(7)</u>	<u>13,153,441</u>
Total liabilities and net assets	<u>\$ 29,191,247</u>	<u>\$ 23,185,936</u>	<u>\$ 15,912,494</u>	<u>\$ 32,887,518</u>	<u>\$ 9,665,652</u>	<u>\$ 2,615,213</u>	<u>\$ 24,919,547</u>	<u>\$ 2,933,782</u>	<u>\$ 493</u>	<u>\$ 141,311,882</u>

See Independent Auditor's Report.

SOME and Affiliates

**Consolidating Schedules of Activities - Real Estate Entities
December 31, 2016**

	Real Estate									
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Total
Support and revenue										
Grants	\$ -	\$ -	\$ -	\$ 77,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,338
Rental income	-	-	-	2,670,957	338,703	179,492	1,389,957	-	-	4,579,109
Operating subsidy from SOME, Inc.	-	-	-	-	207,194	-	-	-	-	207,194
Other	8,139	15,371	10,115	31,198	6,437	6,340	11,981	-	-	89,581
Total support and revenue	<u>8,139</u>	<u>15,371</u>	<u>10,115</u>	<u>2,779,493</u>	<u>552,334</u>	<u>185,832</u>	<u>1,401,938</u>	<u>-</u>	<u>-</u>	<u>4,953,222</u>
Expenses										
Housing services	-	-	-	3,934,680	862,316	380,676	1,961,034	471	7	7,139,184
Total program services	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,934,680</u>	<u>862,316</u>	<u>380,676</u>	<u>1,961,034</u>	<u>471</u>	<u>7</u>	<u>7,139,184</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,934,680</u>	<u>862,316</u>	<u>380,676</u>	<u>1,961,034</u>	<u>471</u>	<u>7</u>	<u>7,139,184</u>
Non-operating activities										
Interest and dividends	-	-	-	2,320	226	64	992	-	-	3,602
Total non-operating activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,320</u>	<u>226</u>	<u>64</u>	<u>992</u>	<u>-</u>	<u>-</u>	<u>3,602</u>
Change in net assets	<u>\$ 8,139</u>	<u>\$ 15,371</u>	<u>\$ 10,115</u>	<u>\$ (1,152,867)</u>	<u>\$ (309,756)</u>	<u>\$ (194,780)</u>	<u>\$ (558,104)</u>	<u>\$ (471)</u>	<u>\$ (7)</u>	<u>\$ (2,182,360)</u>

See Independent Auditor's Report.

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