

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries**  
**And**  
**Legally-Separate Controlled Entities**

Consolidated Financial Statements,  
Supplementary Information  
And  
Independent Auditors' Report  
December 31, 2018 and 2017

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries**  
**And**  
**Legally-Separate Controlled Entities**

December 31, 2018 and 2017

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**DANIEL DENNIS & Co**  
Certified Public Accountants

*Independent Auditors' Report*

To The Board of Directors of  
**Massachusetts Housing Investment Corporation**

We have audited the accompanying consolidated financial statements of Massachusetts Housing Investment Corporation (a nonprofit corporation), its wholly owned subsidiaries and its legally-separate controlled entities (the Organization), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of several legally-separate controlled entities (the Entities), in which these statements reflect total assets of \$123,867,933 and \$121,087,600, as of December 31, 2018 and 2017, respectively, and total losses of \$11,179,865 and \$18,682,707, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Entities, is based solely on the reports of the other auditors. 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 audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## **Opinion**

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018 and 2017, and the 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.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 32 through 42 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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, based on our audits and the reports of other auditors the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Daniel Dennis & Company LLP". The script is fluid and cursive, with the ampersand and "LLP" being more stylized.

*October 21, 2019*

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Consolidated Statements of Financial Position  
December 31, 2018 and 2017

*Assets*

	<i>2018</i>	<i>2017</i>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 41,404,499	\$ 60,049,570
Fees receivable - LIHTC Partnerships	828,043	1,021,574
Fees receivable - NMTC CDEs	551,111	138,122
Current portion of program related loans	21,513,956	9,504,904
Program loan interest receivable	576,183	235,555
Accounts receivable	307,029	536,326
Total current assets	<u>65,180,821</u>	<u>71,486,051</u>
<i>Other Assets</i>		
Investment in marketable securities	216,063	304,639
Investment in capital stock	213,100	117,000
Program related loans	16,988,120	14,353,498
Restricted cash	589,878	1,563,774
Equity interest in operating partnerships	269,648,584	241,014,261
Other assets	369,863	440,223
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$229,547 and \$125,336	274,134	348,372
Capitalized costs, net of accumulated amortization	29,316	37,406
Total other assets	<u>288,329,058</u>	<u>258,179,173</u>
Total assets	<u>\$ 353,509,879</u>	<u>\$ 329,665,224</u>

*See accompanying notes to consolidated financial statements.*

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Consolidated Statements of Financial Position - *continued*  
December 31, 2018 and 2017

***Liabilities and Net Assets***

	2018	2017
<i>Current Liabilities</i>		
Current portion of notes payable	\$ 5,067,175	\$ 1,357,921
Due to affiliates	240	-
Deferred grant revenue	589,878	1,563,774
Accrued expenses and other liabilities	2,571,502	2,429,245
Capital redemption payable	-	1,114,054
Total current liabilities	<u>8,228,795</u>	<u>6,464,994</u>
<i>Long-Term Liabilities</i>		
Unearned fees	1,025,329	1,037,957
Notes payable	<u>8,606,542</u>	<u>6,100,000</u>
Total long-term liabilities	<u>9,631,871</u>	<u>7,137,957</u>
Total liabilities	<u>17,860,666</u>	<u>13,602,951</u>
<i>Net assets</i>		
Non-controlling interest	314,072,388	295,850,052
Without donor restrictions:		
Undesignated	19,866,703	19,425,995
Designated	500,000	500,000
With donor restrictions	<u>1,210,122</u>	<u>286,226</u>
Total net assets	<u>335,649,213</u>	<u>316,062,273</u>
Total liabilities and net assets	<u><u>\$ 353,509,879</u></u>	<u><u>\$ 329,665,224</u></u>

*See accompanying notes to consolidated financial statements.*

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Consolidated Statements of Activities  
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Operating Revenue and Support</i>						
Interest on deposits	\$ 458,777	\$ -	\$ 458,777	\$ 132,219	\$ -	\$ 132,219
Interest on project loans	1,701,048	-	1,701,048	1,541,442	-	1,541,442
Unrealized loss on investments	(4,238)	-	(4,238)	(10,938)	-	(10,938)
Loan program revenue	70,841	-	70,841	187,061	-	187,061
NMTC program revenue	3,943,784	-	3,943,784	3,734,225	-	3,734,225
LIHTC program revenue	1,886,856	-	1,886,856	1,270,874	-	1,270,874
Other program revenue	331,351	-	331,351	346,356	-	346,356
Grant revenue	-	973,896	973,896	1,250,000	236,226	1,486,226
Net assets released from restrictions	50,000	(50,000)	-	174,829	(174,829)	-
Total operating revenue and support	8,438,419	923,896	9,362,315	8,626,068	61,397	8,687,465
<i>Operating Expenses</i>						
Salaries and employee benefits	6,760,062	-	6,760,062	6,522,247	-	6,522,247
Occupancy, equipment and furniture	524,836	-	524,836	371,065	-	371,065
Professional services	1,340,488	-	1,340,488	1,013,595	-	1,013,595
Depreciation and amortization	112,300	-	112,300	42,633	-	42,633
Grant expense	590	-	590	2,075,860	-	2,075,860
Interest expense	142,175	-	142,175	38,045	-	38,045
Other office expenses and support	1,156,818	-	1,156,818	1,237,599	-	1,237,599
Total operating expenses	10,037,269	-	10,037,269	11,301,044	-	11,301,044
<i>Non - Operating Revenue/(Expenses)</i>						
Loss on redemption/write off of portfolio investments	(514,424)	-	(514,424)	(2,273,088)	-	(2,273,088)
Loss from investment in subsidiaries	(24,735,941)	-	(24,735,941)	(31,041,124)	-	(31,041,124)
Total non-operating revenue/(expenses)	(25,250,365)	-	(25,250,365)	(33,314,212)	-	(33,314,212)
Change in net assets	(26,849,215)	923,896	(25,925,319)	(35,989,188)	61,397	(35,927,791)
Less amounts attributed to non-controlling interest	(27,289,923)	-	(27,289,923)	(36,273,771)	-	(36,273,771)
Change in net assets, controlling interest	\$ 440,708	\$ 923,896	\$ 1,364,604	\$ 284,583	\$ 61,397	\$ 345,980

*See accompanying notes to consolidated financial statements.*

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Consolidated Statements of Changes in Net Assets  
For the Years Ended December 31, 2018 and 2017

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Non-Controlling Interest</i>	<i>Total</i>
Net assets at January 1, 2017	\$ 19,641,412	\$ 224,829	\$ 275,985,420	\$ 295,851,661
Contributions	-	-	61,498,550	61,498,550
Distributions	-	-	(5,360,147)	(5,360,147)
Change in net assets	<u>284,583</u>	<u>61,397</u>	<u>(36,273,771)</u>	<u>(35,927,791)</u>
Net assets at December 31, 2017	19,925,995	286,226	295,850,052	316,062,273
Contributions	-	-	51,218,734	51,218,734
Distributions	-	-	(5,706,475)	(5,706,475)
Change in net assets	<u>440,708</u>	<u>923,896</u>	<u>(27,289,923)</u>	<u>(25,925,319)</u>
Net assets at December 31, 2018	<u>\$ 20,366,703</u>	<u>\$ 1,210,122</u>	<u>\$ 314,072,388</u>	<u>\$ 335,649,213</u>

*See accompanying notes to consolidated financial statements.*



**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Consolidated Statements of Functional Expenses  
For the Years Ended December 31, 2018 and 2017

<i>Program Services</i>					
<i>2018</i>	<i>Loan and Other Programs</i>	<i>NMTC</i>	<i>LIHTC</i>	<i>Management and General</i>	<i>2018 Total</i>
Salaries and employee benefits	\$ 1,355,959	\$ 2,135,504	\$ 2,396,333	\$ 872,266	\$ 6,760,062
Occupancy, equipment and furniture	105,274	165,796	186,046	67,720	524,836
Professional services	358,602	420,422	471,758	89,706	1,340,488
Depreciation and amortization	21,585	40,328	36,941	13,446	112,300
Grant expenses	590	-	-	-	590
Interest expense	135,951	6,224	-	-	142,175
Other office expenses and support	193,846	292,534	564,158	106,280	1,156,818
Total expenses	<u>\$ 2,171,807</u>	<u>\$ 3,060,808</u>	<u>\$ 3,655,236</u>	<u>\$ 1,149,418</u>	<u>\$ 10,037,269</u>
<i>Program Services</i>					
<i>2017</i>	<i>Loan and Other Programs</i>	<i>NMTC</i>	<i>LIHTC</i>	<i>Management and General</i>	<i>2017 Total</i>
Salaries and employee benefits	\$ 1,579,506	\$ 2,039,892	\$ 2,446,293	\$ 456,556	\$ 6,522,247
Occupancy, equipment and furniture	77,300	99,831	119,720	74,214	371,065
Professional services	281,922	263,562	338,350	129,761	1,013,595
Depreciation and amortization	11,894	16,399	9,975	4,365	42,633
Grant expenses	2,075,860	-	-	-	2,075,860
Interest expense	14,775	23,270	-	-	38,045
Other office expenses and support	179,673	277,186	676,262	104,478	1,237,599
Total expenses	<u>\$ 4,220,930</u>	<u>\$ 2,720,140</u>	<u>\$ 3,590,600</u>	<u>\$ 769,374</u>	<u>\$ 11,301,044</u>

*See accompanying notes to consolidated financial statements.*

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<i>Operating activities:</i>		
Change in net assets	\$ (25,925,319)	\$ (35,927,791)
<i>Adjustments to reconcile change in net assets to net cash used in operating activities:</i>		
Depreciation and amortization expense	112,300	42,633
Loss on redemption/write-off of portfolio investments	514,424	2,273,088
Unrealized loss on investments	4,238	10,938
Loss from investments in subsidiaries	24,735,941	31,041,124
Non-cash contributions furniture and equipment	-	(200,800)
<i>Change in operating assets and liabilities:</i>		
Amounts receivable and other assets	396,077	(334,473)
Interest receivable	(340,628)	36,995
Unearned fees	(12,628)	404,388
Accrued expenses and other liabilities	142,257	500,732
Deferred grant revenue	(973,896)	1,563,774
Fees receivable—LIHTC Partnerships	193,531	(732,880)
Fees receivable—NMTC CDEs	(412,989)	186,829
Net cash used in operating activities	<u>(1,566,692)</u>	<u>(1,135,443)</u>
<i>Investing activities:</i>		
Funds advanced under project loans	(29,888,104)	(17,851,232)
Collection of funds from project loans	12,132,146	37,506,857
Decrease/(increase) in restricted cash	973,896	(1,563,774)
Redemption of marketable securities	88,576	113,937
Sales/(purchases) of other investments, net	(96,100)	(11,500)
Investments in project partnerships	(52,292,019)	(46,882,688)
Distributions and project loan repayments from project partnerships	57,479	56,753
Proceeds from redemption/transfer of project partnership interests	-	259,529
Purchase of fixed assets and capitalized costs	(29,972)	(145,869)
Net cash used in investing activities	<u>(69,054,098)</u>	<u>(28,517,987)</u>
<i>Financing activities:</i>		
Repayment of notes payable	(40,986)	(4,501,272)
Proceeds from notes payable	7,618,500	7,100,000
Capital contributions received	51,218,734	61,498,550
Distributions	(5,706,475)	(4,094,614)
Decrease in capital redemption payable	(1,114,054)	(187,500)
Net cash provided by financing activities	<u>51,975,719</u>	<u>59,815,164</u>
Net change in cash	(18,645,071)	30,161,734
Cash at beginning of year	<u>60,049,570</u>	<u>29,887,836</u>
Cash at end of year	<u>\$ 41,404,499</u>	<u>\$ 60,049,570</u>
<i>Supplemental information</i>		
Interest paid	<u>\$ 389,638</u>	<u>\$ 232,244</u>
<i>Non-cash investing and financing activities</i>		
Non-cash contributions furniture and equipment	<u>\$ -</u>	<u>\$ 200,800</u>

*See accompanying notes to consolidated financial statements.*

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements  
December 31, 2018 and 2017

**1. *Background and Accounting Policies***

*Purpose*

On July 1, 1990, the Massachusetts Housing Investment Corporation (MHIC) was formally established as a Massachusetts-chartered, Chapter 180, not-for-profit corporation. MHIC's mission is to pool the resources of Massachusetts' lenders and investors to improve and expand the financing of affordable housing and community development throughout New England.

*Program Activities*

MHIC has established five main financing programs to carry out its mission:

*Loan Program*

The loan program focuses on providing debt financing to developers of affordable housing. From its inception in 1990 through December 2000, MHIC utilized a loan pool structure to extend this financing. The loan-pool was funded with the proceeds from below market rate loans (member loans) made to MHIC from participating member corporations. In January 2001, MHIC converted the loan pool to a limited liability company structure. As a result, the member loans were converted to equity interests in a new entity, MHIC, LLC (the LLC). In addition, the various project loans, deposit accounts and reserves owned by MHIC were transferred to the LLC in exchange for extinguishing the member loans. MHIC is the manager of the LLC (see Note 6).

*Low Income Housing Tax Credit (LIHTC) Program*

The LIHTC program utilizes the federal low-income housing tax credit to provide equity financing to developers of affordable housing. The initial role of the program was to assist member corporations in underwriting low-income housing tax credit investments. The program, through MHIC's wholly-owned subsidiary MHEF, Inc., is now a full-service syndicator of limited partnerships or limited liability companies (LIHTC Funds) structured for investment in low-income housing projects (Operating Partnerships) in Massachusetts. MHEF was formed in June 1993 and is currently the general partner/managing member of thirty-four LIHTC Funds (see Note 2).

*New Markets Tax Credit (NMTC) Program*

The NMTC program utilizes the federal new markets tax credit to provide debt and equity financing to businesses that serve or operate in low-income communities. As of December 31, 2018, MHIC has received twelve allocations of new markets tax credits totaling \$872,000,000.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. *Background and Accounting Policies - continued***

*Program Activities - continued*

*New Markets Tax Credit (NMTC) Program - continued*

MHIC has utilized these allocations to syndicate investment companies (NMTC Funds) that are structured for investment in community development entities (MHIC-CDEs), which in turn provide financing to qualifying businesses. MHIC has also utilized these allocations for single investor funds in which the sole investor creates a NMTC Fund to invest in MHIC-CDEs, which in turn provide financing to qualifying businesses. In aggregate, MHIC has made cumulative investments totaling \$837,785,000, of which \$367,842,042 is outstanding as of December 31, 2018.

*Neighborhood Stabilization Program (NSP)*

The NSP utilizes federal grant funds to enhance the feasibility of acquiring and rehabilitating foreclosed residential properties in targeted neighborhoods in Massachusetts. The foreclosed properties are typically acquired and rehabilitated with a combination of financing from NSLF (see Note 3) and federal subsidy in the form of subordinate loans or non-interest bearing loans from MHIC.

MHIC is a sub-recipient of \$10,000,000 of NSP1 grant funds from the City of Boston. In addition, MHIC is the lead member of a consortium that received an award of \$21,822,940 of NSP2 grant funds in February 2011. Each grant is governed by a specific contract that stipulates the various federal program requirements.

*HomeCorps Community Restoration Grant Program (HCRG)*

The HCRG program utilizes state grant funds to enhance the feasibility of acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods in Massachusetts. The foreclosed properties are typically acquired and rehabilitated with a combination of financing from NSLF (see Note 3) and state subsidy in the form of subordinate loans or non-interest bearing loans from MHIC.

*Basis of Accounting*

MHIC's consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. Background and Accounting Policies - continued**

*Principles of Consolidation*

The consolidated financial statements include the accounts of MHIC and its wholly-owned subsidiaries, Massachusetts Housing Equity Fund, Inc. (MHEF), MHIC HNEF Investor LLC (HNEF Investor), MHIC HNEF Manager LLC (HNEF Manager), MHIC HNEF Class B Investor LLC (HNEF Class B), MHIC New Markets Manager LLC (MHIC NMM LLC), MHIC New Markets Investor LLC (MHIC NMILLC), MHIC CMF Affordable Housing Fund I LLC (CMF) and Neighborhood Stabilization Loan Fund LLC (NSLF). MHIC is also the majority owner of MHIC NE New Markets CDE I LLC (MHIC NM CDE I).

In addition, MHIC and some of its wholly owned subsidiaries are the general partner/managing member in the LLC, Healthy Neighborhoods Equity Fund I Limited Partnership (HNEF) and various LIHTC and NMTC Funds. Under GAAP, a not-for-profit corporation that owns or controls the general partner/managing member is presumed to have control of that related limited partnership/limited liability company unless certain circumstances exist that overcome that presumption of control.

Accordingly, MHIC is deemed to have control over the LLC, HNEF and the following LIHTC and NMTC Funds. The limited partner/member interests are reflected as non-controlling interests in the net assets section of the consolidated financial statements.

***NMTC Funds:***

MHIC New Markets Fund IV LLC:  
MHIC NE New Markets CDE I LLC Series 1  
MHIC NE New Markets CDE I LLC Series 2

***LIHTC Funds:***

Massachusetts Housing Equity Fund 1998 Limited Partnership  
Massachusetts Housing Equity Fund 1999 Limited Partnership  
Massachusetts Housing Equity Fund 2000, LLC  
Massachusetts Housing Equity Fund 2001, LLC  
Massachusetts Housing Equity Fund 2002, LLC  
Massachusetts Housing Equity Fund X, LLC  
Massachusetts Housing Equity Fund XI, LLC  
Massachusetts Housing Equity Fund XII, LLC  
Massachusetts Housing Equity Fund XIII, LLC  
Massachusetts Housing Equity Fund XIV, LLC  
Massachusetts Housing Equity Fund XVI, LLC  
Massachusetts Housing Equity Fund XVII, LLC  
Massachusetts Housing Equity Fund XVIII, LLC  
Massachusetts Housing Equity Fund XIX, LLC  
Massachusetts Housing Equity Fund XX, LLC  
Massachusetts Housing Equity Fund XXI, LLC  
Massachusetts Housing Equity Fund XXII, LLC  
Massachusetts Housing Equity Fund XXIII, LLC  
Massachusetts Housing Equity Fund XXIV, LLC

For financial reporting purposes, the financial position and activities of MHIC and the entities listed above have been consolidated and all significant intercompany accounts and transactions have been eliminated. All entities listed above will be collectively referred to as the Organization.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. *Background and Accounting Policies - continued***

*Basis of Presentation*

Under GAAP, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board of Directors has discretionary control over all of these assets and may elect to designate such resources for specific purposes.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions of cash and other assets are reported as increases to net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions. Contributions with donor restrictions received where related restrictions are met in the same reporting period are classified as contributions without donor restrictions. Board and external source designated funds are recorded as such in net assets without donor restrictions.

*Adoption of New Accounting Pronouncement*

During 2018, the Organization adopted the provisions of the Financial Accounting Standard Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities: Topic 958: Presentation of Financial Statements for Not-for-Profit Entities*. The amendments of this ASU affect not-for-profit entities and the users of their general-purpose financial statements. Under this new accounting policy, the Organization retrospectively presented changes in terminology used to describe categories of net assets throughout the financial statements and notes, updated note disclosures to present expenses by natural and functional classification in one place, and included additional disclosures regarding the liquidity and availability of assets. The ASU has been applied retrospectively to all periods presented.

*Reclassification*

Certain 2017 amounts have been reclassified to conform to the 2018 financial statement presentation.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. *Background and Accounting Policies - continued***

*Revenue Recognition*

Loan program revenue reflects fees earned on a contractual basis for services provided (see Note 6).

LIHTC program revenue reflects fees for services that include organization, syndication, underwriting, long-term asset management and administration. The fees for syndicating and organizing the LIHTC funds are recognized when syndication is complete. Fees for underwriting investments are recognized at the time the underlying properties are acquired (see Note 8).

The fees for asset management and administration are recognized over the life of the LIHTC Funds (estimated to be approximately 15 years). Certain refundable fees are deferred until the potential obligation lapses.

NMTC program revenue reflects fees earned on a contractual basis for services provided to the MHIC-CDEs (see Note 7).

In general, grant income is recognized on a cost reimbursable basis as costs are incurred or in accordance with the specific provisions of the grant. Funds received in advance of the costs being incurred are recorded as deferred revenue in the accompanying consolidated financial statements.

*Cash and Cash Equivalents*

The Organization considers highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2018 and 2017, the Organization held cash equivalents of \$9,000,000 and zero, respectively.

*Furniture, Equipment and Leasehold Improvements*

Furniture, equipment and leasehold improvements are stated at cost, less accumulated depreciation. Depreciation is computed by the straight-line method using rates based on estimated useful lives that range from 3 to 5 years. Assets with a cost of greater than \$1,000 and a useful life of greater than one year are capitalized.

*Use of Estimates*

Financial statements prepared in accordance with GAAP require the use of management estimates that affect the amounts and disclosures recorded in the consolidated financial statements. Actual results may differ from those estimates.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. *Background and Accounting Policies - continued***

*Project Loans and Allowance for Possible Project Loan Losses*

Loans are stated at the amount of unpaid principal. Interest on project loans is recognized as income by applying the interest rates in effect to the principal amount outstanding. Accrual of interest income on project loans receivable is suspended when a loan is contractually delinquent for ninety days. The accrual is resumed when the loan becomes contractually current. An allowance for project loan losses is maintained based upon the evaluation of the risks associated with the outstanding loan assets. Any losses or recoveries subsequently realized are charged or credited to the allowance.

*Off Balance Sheet Credit Exposure*

As a financial services provider, the Organization routinely extends credit in the form of loan commitments. The funded portion of these commitments is reflected on the accompanying consolidated statements of financial position as project loans. The unfunded portions of these commitments, which represent contractual obligations that may require the use of cash in the future, are considered off-balance sheet liabilities. They involve, to varying degrees, elements of credit and interest rate risk that are not recognized in the accompanying consolidated statements of financial position.

Unfunded loan commitments represent the maximum possible credit risk should the borrowers fully draw down their loans. They are subject to the provisions of the underlying loan agreements and are cancellable only if the borrower is in default or in violation of any loan covenants. As of December 31, 2018 and 2017, unfunded loan commitments totaled \$47,571,645 and \$22,596,891, respectively. These commitments have been established pursuant to the Organization's loan policy.

Since the Organization's loan portfolio is heavily concentrated with loans for affordable housing that contain limited market risk, an allowance for loan losses for unfunded commitments is only established for specific borrowers on a case by case basis. At December 31, 2018 and 2017, there were no reserves for unfunded loan commitments.

*Below Market Loans*

The Organization's mission is to pool the resources of Massachusetts' lenders and investors to improve and expand the financing of affordable housing and community development throughout the state. Other not-for-profit and governmental entities having a similar policy have lent money to the Organization at advantageous terms. The Organization has not discounted these below market interest rate loans as they were made at arm's length and to further those entities' policies.



**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. *Background and Accounting Policies - continued***

*Income Tax Status*

In February 1993, MHIC was granted tax-exempt status as a 501(c)(3) corporation under federal and state tax law. MHEF, Inc. and MHIC NMILLC are for-profit corporations and therefore are subject to federal and state income taxes. HNEF, MHIC NM CDE I, the LLC, the LIHTC Funds and the NMTC Funds are limited partnerships and any taxable income or loss passes through to, and is reportable by, the partners individually. NSLF, HNEF Investor, HNEF Manager, HNEF Class B, CMF and MHIC NMM LLC are disregarded entities for tax purposes.

MHIC's for-profit corporate subsidiaries account for income taxes, whereby deferred taxes are recognized using the liability method. This method calculates deferred tax assets and liabilities based on tax rates that are expected to apply when temporary differences reverse.

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* of being sustained by the applicable tax authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year consolidated financial statements. At December 31, 2018, the Organization believes that it has no uncertain tax positions within any of its open tax years, (2015-2017).

*Investments and Investment Income*

*Investments in Operating Partnerships*

The Organization accounts for its investments in Operating Partnerships using the equity method of accounting. Under the equity method, the investments are carried at cost and adjusted for the Organization's share of income, losses, additional investments and cash distributions from the program related investments. As a limited partner in the Operating Partnerships, with no further funding obligations, the Organization ceases recognition of losses for financial statement purposes once the cost of an investment is reduced to zero. Changes in the value of the investments, which are other than temporary, are recognized as necessary.

*Investments in Capital Stock*

During 2018 and 2017, the Organization owned capital stock in the Federal Home Loan Bank of Boston (FHLBB). The investment in FHLBB is valued at cost due to the lack of information that can be used to approximate the fair value. At December 31, 2018 and 2017, the Organization's investment in the FHLBB totaled \$213,100 and \$117,000, respectively. Management annually performs an assessment of any possible impairment. As of December 31, 2018 and 2017, management has determined that no such impairment exists.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. *Background and Accounting Policies - continued***

*Investments and Investment Income - continued*

*Investments in Marketable Securities*

Marketable securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See below for discussion of fair value measurements.

Dividends, interest and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law temporarily or permanently restrict their use.

*Fair Value Measurements*

Fair value measurements are reported using a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.   |
| Level 2 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.   |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**1. *Background and Accounting Policies - continued***

*Functional Expenses*

Expenses are charged directly to program services or management and general based on specific identification. 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 include salaries and employee benefits, occupancy, equipment and furniture, depreciation, and other office expenses and support, which are allocated on the basis of time and effort. The consolidated statements of functional expenses disclose expenses by functional and natural classification.

**2. *Massachusetts Housing Equity Fund, Inc. (MHEF)***

MHEF, as general partner/managing member of the aforementioned LIHTC Funds, has a de minimis interest in their respective profits, losses and distributions. However, MHEF accounts for its investment in the LIHTC Funds it is deemed to control, using the consolidation method. There are also several single investor LIHTC funds that MHEF does not control which are accounted for under the equity method. Under the equity method, the investments are carried at cost and adjusted for MHEF's share of income or loss from the single investor LIHTC Funds, additional investments and cash distributions.

The LIHTC Funds, as limited partners in the various Operating Partnerships, are subject to risks inherent in the ownership of property which is beyond their control, such as fluctuations in occupancy rates and operating expenses, variations in rental schedules, proper maintenance of facilities and continued eligibility of tax credits. If the cost of operating a property exceeds the rental income earned thereon, the LIHTC Fund, or MHEF acting independently as an investor, may deem it in its best interest to voluntarily invest additional funds in order to protect its investment.

As of December 31, 2018 and 2017, MHEF had total assets of \$491,629 and \$491,219, and MHIC's investment in MHEF amounted to \$491,629 and \$491,219, respectively.

**3. *Neighborhood Stabilization Loan Fund LLC (NSLF)***

NSLF is organized as a single-member Massachusetts limited liability company, with MHIC as the sole member and program administrator. The purpose of NSLF is to provide loans to local organizations whose goal is the purchase and rehabilitation of foreclosed residential properties in neighborhoods in Massachusetts with a concentration of foreclosed properties. NSLF has secured debt as its primary source of capital, which is used to provide financing for the acquisition and rehabilitation of foreclosed properties.

At December 31, 2018 and 2017, NSLF had total assets of \$265,058 and \$268,074, respectively, and MHIC's investment amounted to \$264,412 and \$265,019, respectively.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**4. *MHIC CMF Affordable Housing Fund I LLC (CMF)***

During 2017, MHIC received \$1,800,000 in grant funds from the Community Development Financial Institutions Fund (CDFI) to capitalize CMF, a single member Massachusetts limited liability company, with MHIC as the sole member and program administrator. The purpose of CMF is to provide loans to affordable rental housing developments within Massachusetts, particularly those located in areas of high housing need and/or those with at least twenty percent of units reserved for households earning no more than fifty percent of area median income.

At December 31, 2018 and 2017, CMF had total assets of \$6,823,322 and \$2,065,417, and MHIC's investment amounted to \$1,800,798 and \$1,806,673, respectively.

**5. *Healthy Neighborhoods Equity Fund I Limited Partnership (HNEF)***

HNEF is organized as a Massachusetts limited partnership for the purpose of investing in or making loans to entities that intend to engage in the construction or rehabilitation of mixed-income, mixed-use commercial and residential developments.

At December 31, 2018 and 2017, HNEF had total assets of \$18,465,226 and \$17,101,427, respectively, and the HNEF LLCs' investment amounted to \$5,767,827 and \$6,171,269, respectively. At December 31, 2018 and 2017, partners' equity of \$11,715,731 and \$10,351,401, respectively, is reported as non-controlling interest on the accompanying consolidated statements of financial position.

The HNEF LLCs' are organized as single-member Massachusetts limited liability companies, with MHIC as the sole member and administrator. The purpose of the HNEF LLCs' is to acquire partnership interests in and provide management services to HNEF. HNEF Manager is the general partner of HNEF and under GAAP, is deemed to have control over that entity.

At December 31, 2018 and 2017, the HNEF LLCs' had total assets of \$5,767,827 and \$6,171,269, respectively, and MHIC's investment amounted to \$5,767,827 and \$6,171,269, respectively.

**6. *The LLC***

The LLC is a Massachusetts limited liability company that was established on January 2, 2001, to pool the resources of members to provide financing for the creation and preservation of affordable housing and community development activities that serve lower income populations, distressed communities or other community development needs not well served by conventional financing. The LLC will continue in existence until December 31, 2099, unless terminated earlier in accordance with the dissolution provisions of the LLC's operating agreement. The LLC has fourteen members who combined own 100% of the interest in the income, gain, losses and deductions of the LLC. MHIC is the manager member of the LLC and under GAAP, is deemed to have control over this entity.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**6.     *The LLC - continued***

At December 31, 2018 and 2017, the LLC had total assets of \$40,756,067 and \$37,468,866, respectively. At December 31, 2018 and 2017, members' equity of \$35,041,459 and \$36,794,489, respectively, is reported as non-controlling interest on the accompanying consolidated statements of financial position.

**7.     *NMTC Funds and Program Revenue***

*NMTC Funds*

As described in Note 1, MHIC through a wholly owned subsidiary, as the managing member, is deemed to have control over MHIC New Markets Fund IV LLC (NMTC Fund IV). NMTC Fund IV was formed for the purpose of making qualified equity investments (QEIs), as defined in Section 45D(b) of the Internal Revenue Code, in one or more series of MHIC-CDEs. These QEIs are made for the purpose of claiming the NMTCs. These NMTC Funds provided investment capital to businesses in low-income communities in Massachusetts that are not served by conventional forms of financing or equity. NMTC Fund IV was terminated on December 31, 2018.

At December 31, 2018 and 2017, the NMTC funds controlled by MHIC had total assets of zero and \$2,305,248, respectively. At December 31, 2018 and 2017, members' equity of zero and \$938,311, respectively, is reported as non-controlling interest on the accompanying consolidated statements of financial position.

As of December 31, 2018 and 2017, the unwind of the NMTC Funds, in addition to the assignment of various limited partner interests in Operating Partnerships and project loans receivable, resulted in losses on redemption/write off of portfolio investments of \$514,424 and \$2,273,088, respectively.

*Program Revenue*

MHIC has entered into agreements with various single investor NMTC Funds, of which it does not control, to provide various professional, administrative and management services. The fees for these services were determined by MHIC. These services include all administrative and management support in connection with the formation of the MHIC-CDEs, legal and professional services required to close loans to or investments in qualifying businesses, and asset management services to monitor business and compliance aspects of MHIC-CDEs loans and investments.

During the years ended December 31, 2018 and 2017, MHIC earned total fees for services to the MHIC-CDEs of \$3,943,784 and \$3,734,225, respectively. Amounts receivable in connection with these fees totaled \$551,111 and \$138,122 at December 31, 2018 and 2017, respectively.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**8. *LIHTC Funds and Program Revenue***

*LIHTC Funds*

As described in Note 1, MHIC through a wholly owned subsidiary, as the managing member, is deemed to have control over nineteen LIHTC Funds at December 31, 2018 and 2017. The LIHTC Funds were formed in order to acquire, rehabilitate, construct, operate and manage multifamily properties located in Massachusetts that are expected to qualify for federal low income housing tax credits. These tax credits along with the LIHTC Fund's share of income and losses from the Operating Partnerships are then allocated to the LIHTC Funds' members. The LIHTC Funds will continue in existence in accordance with each respective operating agreement. The Massachusetts Housing Equity Fund 1998 Limited Partnership, Massachusetts Housing Equity Fund 1999 Limited Partnership and Massachusetts Housing Equity Fund 2000, LLC were dissolved during 2017.

At December 31, 2018 and 2017, the LIHTC Funds controlled by MHIC had total assets of \$274,211,443 and \$250,030,420, respectively. At December 31, 2018 and 2017, partners'/members' equity of \$267,315,198 and \$247,765,851, respectively, is reported as non-controlling interest on the accompanying consolidated statements of financial position.

*LIHTC Program Revenue*

MHIC has entered into agreements with various single investor LIHTC Funds, of which it does not control, to provide investment and management services. The fees for these services were determined by MHIC. These services include underwriting and administrative support in connection with syndicating investments, legal and professional services required to close loans to or investments in qualifying businesses and long term asset management services to monitor business and compliance aspects of the portfolio of investments.

During the years ended December 31, 2018 and 2017, MHIC earned total fees for services to the single investor LIHTC Funds of \$1,886,856 and \$1,270,874, respectively. Amounts receivable in connection with these fees totaled \$828,043 and \$1,021,574 at December 31, 2018 and 2017, respectively.

**9. *Program Loans***

Program loans are loans made to low-income housing and community development projects and are offered in conjunction with financing provided by affiliates of the Organization. The Organization typically provides the predevelopment or high loan-to-value component of the financing for a given transaction. Program related loans earn interest at either fixed or variable rates that range from 0% to 17.5% and are secured, in a subordinated position, by the underlying real estate.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**9. *Program Loans - continued***

At December 31, 2018 and 2017, the activity in the program loans was as follows:

	<i>2018</i>	<i>2017</i>
Beginning balance	\$ 24,286,853	\$ 51,810,006
Loan disbursements	29,888,104	17,851,232
Loans assigned/distributed	(2,521,699)	(5,494,440)
Loans written off	(514,424)	(2,373,088)
Loan repayments	<u>(12,132,146)</u>	<u>(37,506,857)</u>
Project loans outstanding	39,006,688	24,286,853
Allowance for loan losses	<u>(504,612)</u>	<u>(428,451)</u>
Ending balance	<u><u>\$ 38,502,076</u></u>	<u><u>\$ 23,858,402</u></u>

Program loans consist of the following:

<i>Loan category</i>	<i>2018</i>	<i>2017</i>
Construction	\$ 13,341,602	\$ 9,249,602
Line of credit	662,473	442,473
Acquisition	7,924,979	4,533,955
Amortizing	4,077,421	3,235,447
Mini perm	3,961,388	4,298,422
Bridge	8,440,758	2,099,541
Predevelopment	<u>598,067</u>	<u>427,413</u>
Project loans outstanding	39,006,688	24,286,853
Allowance for loan losses	<u>(504,612)</u>	<u>(428,451)</u>
Project loans, net	<u><u>\$ 38,502,076</u></u>	<u><u>\$ 23,858,402</u></u>

At December 31, 2018, contract maturities of the above loans are as follows:

2019	\$ 21,513,956
2020	7,049,797
2021	51,103
2022	2,071,950
2023	1,231
Thereafter	<u>8,318,651</u>
Total	<u><u>\$ 39,006,688</u></u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**9. Program Loans - continued**

The following tables present informative data by class of financing receivables regarding their age and interest accrual status at December 31, 2018 and 2017:

		Past Due				Status of Interest Accruals	
						Total Financing Receivables on Non- Accrual Status	Financing Receivables Past Days +90 still Accruing interest
December 31, 2018	Current	30-59 Days	60-89 Days	90 + days	Total Financing Receivables		
Construction	\$ 13,341,602	\$ -	\$ -	\$ -	\$ 13,341,602	\$ -	\$ -
Line of credit	662,473	-	-	-	662,473	-	-
Acquisition	7,924,979	-	-	-	7,924,979	-	-
Amortizing	4,077,421	-	-	-	4,077,421	-	-
Mini perm	3,961,388	-	-	-	3,961,388	-	-
Bridge	8,440,758	-	-	-	8,440,758	-	-
Predevelopment	598,067	-	-	-	598,067	-	-
Total	\$ 39,006,688	\$ -	\$ -	\$ -	\$ 39,006,688	\$ -	\$ -

		Past Due				Status of Interest Accruals	
						Total Financing Receivables on Non- Accrual Status	Financing Receivables Past Days +90 still Accruing interest
December 31, 2017	Current	30-59 Days	60-89 Days	90 + days	Total Financing Receivables		
Construction	\$ 9,249,602	\$ -	\$ -	\$ -	\$ 9,249,602	\$ -	\$ -
Line of credit	442,473	-	-	-	442,473	-	-
Acquisition	4,533,955	-	-	-	4,533,955	-	-
Amortizing	3,235,447	-	-	-	3,235,447	-	-
Mini perm	4,298,422	-	-	-	4,298,422	-	-
Bridge	2,099,541	-	-	-	2,099,541	-	-
Predevelopment	427,413	-	-	-	427,413	-	-
Total	\$ 24,286,853	\$ -	\$ -	\$ -	\$ 24,286,853	\$ -	\$ -

Program loans do not include loans made under the NSP1, NSP2 and HCRG programs. Such loans made for the acquisition and rehabilitation of foreclosed properties require deeded affordability restrictions and provide for the forgiveness of outstanding loan balances based on compliance with those restrictions. NSP and HCRG loan funds of zero and \$253,445 were disbursed and recorded as grant expense in 2018 and 2017, respectively.

Program regulations require that the recovery of loan funds, if any, be recorded as program income when received. As of December 31, 2018 and 2017, program income of \$50,113 and zero was earned and recorded in the consolidated statements of activities.



**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**10. *Liquidity and Availability***

The following represents the Organization's financial assets at December 31, 2018 and 2017:

	2018	2017
<i>Financial assets at year end:</i>		
Cash and cash equivalents	\$ 41,404,499	\$ 60,049,570
Fee receivable - LIHTC Partnerships	828,043	1,021,574
Fee receivable - NMTC CDEs'	551,111	138,122
Current portion of program related loans	21,513,956	9,504,904
Program loan interest receivable	576,183	235,555
Accounts receivable	<u>307,029</u>	<u>536,326</u>
Total financial assets	<u>65,180,821</u>	<u>71,486,051</u>
<i>Less amounts not available to be used within one year:</i>		
Board designated net assets	(500,000)	(500,000)
Net assets with donor restrictions	<u>(1,210,122)</u>	<u>(286,226)</u>
	<u>(1,710,122)</u>	<u>(786,226)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 63,470,699</u>	<u>\$ 70,699,825</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. In addition, cash in excess of daily requirements is invested in overnight funding deposits and money market accounts. The Board of Directors occasionally designates a portion of any operating surplus to provide for additional cash needs as described more fully in Note 21. Additionally, any proceeds received from the program related loans may be used to repay current obligations on notes payable, make new program related loans or be appropriated to support other aspects of the Organization's general operations.

**11. *Investments in Marketable Securities***

Investments in marketable securities consist of Ginnie Mae pass-through securities. The Ginnie Mae securities were purchased as collateral for certain borrowing transactions with the Federal Home Loan Bank of Boston. There is an active secondary market for these securities and management considers them held "for-sale". The underlying assets consist of mortgage loans that are insured by the federal government.

At December 31, 2018 and 2017, the securities were valued at \$216,063 and \$304,639, respectively. During 2018 and 2017, MHIC recorded unrealized losses on investment of \$4,238 and \$10,938, respectively.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**11. Investments in Marketable Securities - continued**

All investment assets have been valued using the market approach. There have been no changes in the methodologies used at December 31, 2018 and 2017.

The Ginnie Mae's securities are backed by U.S. Government securities and estimated based on quoted market prices for securities of similar maturity in markets that are not active and are considered level 2 investments.

**12. Investments in Operating Partnerships**

HNEF, the NMTC Funds and the LIHTC Funds (the Investment Companies) invest in Operating Partnerships by providing equity financing in exchange for limited partner interests, cash flows, low income housing tax credits, new markets tax credits and other benefits.

As of December 31, 2018, the Investment Companies have advanced \$446,115,447, to 102 Operating Partnerships and had outstanding commitments of \$68,120,794. As of December 31, 2017, the Investment Companies have advanced \$406,100,245, to 101 Operating Partnerships and had outstanding commitments of \$77,548,367.

Because the Investment Companies do not have the ability to exercise significant influence over the investments as the limited partner and due to the lack of information that can be used to approximate the fair value, these investments are accounted for under the equity method.

The summarized financial information for the investments in Operating Partnerships as of December 31, 2018 and 2017, is as follows:

*Condensed Combined Balance Sheets*

	2018	2017
<i>Assets</i>		
Current assets	\$ 41,346,429	\$ 37,618,141
Investment property, net	1,248,198,450	1,161,157,883
Other assets	90,451,496	74,660,360
	<u>1,379,996,375</u>	<u>1,273,436,384</u>
Total Assets	\$ 1,379,996,375	\$ 1,273,436,384
<i>Liabilities and Partners' Capital</i>		
Current liabilities	\$ 43,841,711	\$ 48,087,443
Other liabilities	983,308	981,068
Long-term debt	1,094,722,915	1,018,581,233
	<u>1,139,547,934</u>	<u>1,067,649,744</u>
Total Liabilities	1,139,547,934	1,067,649,744
Investment Companies share of combined capital	253,968,658	229,763,723
Other partners' share of combined capital	(13,520,217)	(23,977,083)
	<u>240,448,441</u>	<u>205,786,640</u>
Total Partners' Capital	240,448,441	205,786,640
Total Liabilities and Partners' Capital	\$ 1,379,996,375	\$ 1,273,436,384

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**12. Investments in Operating Partnerships - continued**

*Condensed Combined Statements of Operations*

	2018	2017
<i>Revenues</i>		
Rent revenue	\$ 110,561,805	\$ 117,785,154
Interest revenue	<u>1,354,121</u>	<u>1,316,163</u>
Total Revenue	<u>111,915,926</u>	<u>119,101,317</u>
<i>Expenses</i>		
Operating expenses	67,477,196	74,122,160
Interest expense	38,922,087	39,076,973
Depreciation and amortization	<u>37,275,558</u>	<u>36,390,598</u>
Total Expenses	<u>143,674,841</u>	<u>149,589,731</u>
Combined net loss	<u>\$ (31,758,915)</u>	<u>\$ (30,488,414)</u>
Investment Companies share of combined net loss	\$ (26,367,752)	\$ (25,991,628)
Other partners' share of combined net loss	<u>(5,391,163)</u>	<u>(4,496,786)</u>
Total combined net loss	<u>\$ (31,758,915)</u>	<u>\$ (30,488,414)</u>

*Reconciliation of Investments at Equity*

	2018	2017
Investment Companies share of capital at		
December 31, as shown above	\$ 253,968,658	\$ 229,763,723
Cumulative losses in excess of investment in		
individual Operating Partnerships	7,846,375	5,372,213
Excess basis of acquisition and financing costs	<u>7,833,551</u>	<u>5,878,325</u>
Investment at equity at December 31	<u>\$ 269,648,584</u>	<u>\$ 241,014,261</u>
Investment Companies share of operations		
as of December 31, as shown above	\$ (26,367,752)	\$ (25,991,628)
Losses in excess of investment in individual		
Operating Partnerships	3,595,199	3,286,738
Amortization of excess basis, acquisition and		
Loss on assignment of interests in Operating Partnerships	<u>(1,963,388)</u>	<u>(8,336,234)</u>
Investment Companies share of operations	<u>\$ (24,735,941)</u>	<u>\$ (31,041,124)</u>

Management annually performs an assessment of any possible impairment of the investments in Operating Partnerships. As of December 31, 2018 and 2017 management has determined that no such impairment exists.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**13. Notes Payable**

*MHIC*

MHIC has borrowed \$1,000,000 from the Department of Housing and Community Development under the Affordable Housing Trust Fund Statute. The loan bears no interest and the entire amount is payable in full on December 31, 2030. At December 31, 2018 and 2017, the outstanding balance was \$1,000,000.

MHIC has borrowed \$1,000,000 from The Boston Foundation. The loan bears interest at 1.5% and matures on December 15, 2025. At December 31, 2018 and 2017, the outstanding balance was \$1,000,000.

MHIC has borrowed \$3,600,000 from the Northern Trust Company. The loan bears interest at 1.5% and matures on December 14, 2025. At, December 31, 2018 and 2017, the outstanding balance was \$3,600,000.

During 2018, MHIC borrowed \$1,275,000 from the Federal Home Loan Bank under the Jobs for New England program (JNE) for the purpose of making a commercial loan to a specific project. The loan bears no interest and matures on April 16, 2025. In addition, MHIC borrowed \$1,343,500 under the Affordable Housing Program (AHP) for the purpose of making a permanent loan to a specific project. The loan bears no interest and matures on April 1, 2038. At December 31, 2018, the outstanding balance of notes payable to the Federal Home Loan Bank was \$2,573,717.

*The LLC*

*Revolving*

The LLC has established revolving credit facilities totaling \$15,000,000 to provide leverage for funding its portfolio of floating rate loans. These revolving credit facilities are guaranteed by MHIC. Each advance under the respective facilities has a separate maturity date and interest rate, which is determined on the date of the advance. The LLC has the option of selecting from several methods for determining the rate at which interest will accrue on a given advance. All of the advances to date accrue interest at the 30-day LIBOR rate plus 120 basis points.

The LLC has pledged various first mortgages from its loan portfolio as collateral for the facilities. At December 31, 2018 and 2017, there was no outstanding balance.

*MacArthur Foundation Note*

The LLC had indebtedness to a not-for-profit corporation for \$500,000. The note bears interest of 2% and matures April 1, 2021. At December 31, 2018 and 2017, outstanding principal totaled \$500,000.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**13. Notes Payable - continued**

*The LLC - continued*

*Additional Note*

During 2018, the LLC borrowed \$5,000,000 from the Massachusetts Housing Partnership. The note bears interest of 3.73% and matures May 1, 2019. At December 31, 2018, outstanding principal totaled \$5,000,000.

*NMTC Funds*

Subordinate notes payable consisted of deferred loans from the City of Boston, other municipalities and various community development organizations. These loans bore interest at rates ranging from 0% to 0.5% and were scheduled to mature at various dates through December 2050. These notes were secured by second priority in the NMTC Funds' investments in MHIC CDEs. The balance of the loans under these agreements was \$1,357,921, at December 31, 2017. During 2018, the loans were fully satisfied through assignment and assumption of loans receivable from operating partnerships.

Scheduled payments of principal for the next five years and thereafter is as follows:

<i>Year</i>	<i>Amount</i>
2019	\$ 5,067,175
2020	67,175
2021	567,175
2022	67,175
2023	67,175
Thereafter	<u>7,837,842</u>
Total	<u>\$ 13,673,717</u>

**14. Unearned Fees**

Unearned equity fees reflect MHIC's obligation to provide future services to the LIHTC Funds as consideration for the fees receivable. These services include underwriting investments, long-term asset management and partnership administration. This obligation is reduced as services are provided, according to the revenue recognition methodology associated with the particular service (see Note 1).

At December 31, 2018 and 2017, unearned fees were \$1,025,329 and \$1,037,957, respectively.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**15. *Cash and Credit Risk***

At December 31, 2018 and 2017, cash balances are held at financial institutions with federally insured limits of up to \$250,000 for each financial institution. Balances held at these institutions during the year can exceed this limit. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on its cash balances.

**16. *Leases***

MHIC leases its facilities and certain furniture and equipment under operating leases that expire over future periods and require various minimum rental payments.

MHIC incurred lease expenses associated with office space and equipment of \$524,836 and \$371,065, for the years ended December 31, 2018 and 2017, respectively. MHIC's current office lease expires on December 31, 2025 with one five year option to extend.

Future minimum payments under these non-cancelable operating leases consist of the following at December 31, 2018:

<i>Year</i>	<i>Amount</i>
2019	\$ 459,263
2020	469,446
2021	479,629
2022	489,812
2023	499,995
Thereafter	<u>1,120,150</u>
Total	<u>\$ 3,518,295</u>

**17. *Employee Benefit Plan***

As a tax-exempt 501(c)(3) corporation, MHIC established a noncontributory, defined contribution plan under Section 401(a) of the Internal Revenue Code covering all full-time employees. The employer contribution has multiple components that are based upon a percentage of employee salary. These components include 4% profit sharing, a 100% match of employee contributions up to 3% of a given employee's salary and a safe harbor match of up to an additional 1% of a given employee's salary. MHIC contributed and charged to expense \$314,843 and \$402,315 for the years ended December 31, 2018 and 2017, respectively. These amounts are reflected in salaries and employee benefits in the accompanying consolidated statements of activities.

In addition, MHIC established a rabbi-trust to supplement the retirement plan of its President and CEO, which included annual contributions of \$100,000 through 2017.

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**18. Guarantees Provided for Borrowing Facilities of Affiliates**

As of December 31, 2018 and 2017, MHIC is the guarantor on several borrowing facilities of its affiliates, for which there is no outstanding balance. These credit facilities are primarily secured by pledges of first mortgage loans, unconditional investor notes, or partnership interests. In the event that the borrowings of the affiliates cannot be repaid as scheduled and the above mentioned primary collateral is not sufficient to cover the outstanding balance, MHIC would assure the obligation. MHIC has not recognized any obligations relative to the guarantees.

**19. Fixed Assets**

Property and equipment consists of the following:

	2018	2017
Furniture	\$ 248,803	\$ 228,173
Equipment	182,730	182,730
Leasehold improvements	<u>72,148</u>	<u>62,805</u>
Total fixed assets	503,681	473,708
Accumulated depreciation	<u>(229,547)</u>	<u>(125,336)</u>
Total	<u><u>\$ 274,134</u></u>	<u><u>\$ 348,372</u></u>

**20. Net Assets with Donor Restrictions**

Net assets with donor restrictions for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
<i>Specific Purpose</i>		
U.S. Bancorp Community Development Corporation grant for the development of a specific project	\$ -	\$ 50,000
<i>Specific Purpose and Passage of Time</i>		
CDFI Capital Magnets Grant restricted for use in a revolving loan fund	<u>1,210,122</u>	<u>236,226</u>
Total net assets with donor restrictions	<u><u>\$ 1,210,122</u></u>	<u><u>\$ 286,226</u></u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Notes to Consolidated Financial Statements - *continued*  
December 31, 2018 and 2017

**20. Net Assets with Donor Restrictions - continued**

Net assets released from net assets with donor restrictions for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
<i>Satisfaction of Purpose Restrictions</i>		
U.S. Bancorp Community Development Corporation grant for the development of a specific project	\$ 50,000	\$ -
Abandoned Housing Receivership grant for the development of affordable housing	-	174,829
Total net assets released from restrictions	<u>\$ 50,000</u>	<u>\$ 174,829</u>

**21. Designated Net Assets**

During 2014, the Board of Directors designated \$500,000 to provide grants, investments, and/or preferential financing to support and revitalize the South End/Roxbury neighborhoods of Boston, Massachusetts. The designated amount is included under net assets without donor restrictions on the consolidated statements of financial position. As of December 31, 2018 and 2017, none of the designated amount has been spent.

**22. Capital Contributions**

The Investment Companies have entered into subscription agreements with several investors for limited partnership interest. At December 31, 2018 and 2017, outstanding committed capital contributions totaled \$101,182,878 and \$108,900,077, respectively.

**23. Restricted Cash**

At December 31, 2018 and 2017, restricted cash consists of CDFI grant funds required to be deployed under the CMF revolving loan fund. At December 31, 2018 and 2017, these amounts totaled \$589,878 and \$1,563,774, respectively.

**24. Subsequent Events**

The Organization has performed an evaluation of subsequent events through October 21, 2019, which is the date the Organization's consolidated financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that require recognition or disclosure in these consolidated financial statements.



## **Supplemental Schedules**

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Consolidating Schedule of Financial Position  
December 31, 2018

<i>Assets</i>	<i>MHIC</i>	<i>MHEF</i>	<i>NSLF</i>	<i>CMF</i>	<i>HNEF LP</i>	<i>MHIC LLC</i>	<i>LIHTC Funds</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>Current Assets</i>									
Cash and cash equivalents	\$ 11,822,999	\$ 491,629	\$ 264,507	\$ 10,350	\$ 110,722	\$ 11,718,792	\$ 16,985,500	\$ -	\$ 41,404,499
Fees receivable - LIHTC Partnerships	1,909,458	-	-	-	-	-	-	(1,081,415)	828,043
Fees receivable - NMTC CDEs'	551,111	-	-	-	-	-	-	-	551,111
Current portion of program related loans	3,182,910	-	-	5,000,000	-	18,462,596	1,798,478	(6,930,028)	21,513,956
Program loan interest receivable	104,490	-	-	29,963	333,247	145,052	-	(36,569)	576,183
Accounts receivable	307,029	-	-	-	-	-	-	-	307,029
Due from affiliates	1,142,845	-	-	-	-	-	24,384	(1,167,229)	-
Total current assets	<u>19,020,842</u>	<u>491,629</u>	<u>264,507</u>	<u>5,040,313</u>	<u>443,969</u>	<u>30,326,440</u>	<u>18,808,362</u>	<u>(9,215,241)</u>	<u>65,180,821</u>
<i>Other Assets</i>									
Investment in marketable securities	216,063	-	-	-	-	-	-	-	216,063
Investment in capital stock	118,100	-	-	-	-	95,000	-	-	213,100
Program related loans	5,591,639	-	-	1,783,009	2,900,000	10,312,127	-	(3,598,655)	16,988,120
Restricted cash	589,878	-	-	-	-	-	-	-	589,878
Investment in subsidiaries	8,324,666	-	-	-	-	-	-	(8,324,666)	-
Equity interest in operating partnerships	39,286	-	-	-	15,086,355	-	254,522,943	-	269,648,584
Other assets	341,887	-	551	-	5,586	22,500	880,138	(880,799)	369,863
Furniture, equipment and leasehold improvements, net of accumulated depreciation	274,134	-	-	-	-	-	-	-	274,134
Capitalized costs, net of accumulated amortization	-	-	-	-	29,316	-	-	-	29,316
Total other assets	<u>15,495,653</u>	<u>-</u>	<u>551</u>	<u>1,783,009</u>	<u>18,021,257</u>	<u>10,429,627</u>	<u>255,403,081</u>	<u>(12,804,120)</u>	<u>288,329,058</u>
Total assets	<u>\$ 34,516,495</u>	<u>\$ 491,629</u>	<u>\$ 265,058</u>	<u>\$ 6,823,322</u>	<u>\$ 18,465,226</u>	<u>\$ 40,756,067</u>	<u>\$ 274,211,443</u>	<u>\$ (22,019,361)</u>	<u>\$ 353,509,879</u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Consolidating Schedule of Financial Position - *continued*  
December 31, 2018

<i>Liabilities and Net Assets</i>	<i>MHIC</i>	<i>MHEF</i>	<i>NSLF</i>	<i>CMF</i>	<i>HNEF LP</i>	<i>MHIC LLC</i>	<i>LIHTC Funds</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>Current Liabilities</i>									
Current portion of notes payable	\$ 67,175	\$ -	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 1,930,028	\$ (6,930,028)	\$ 5,067,175
Due to affiliates	-	-	646	-	981,668	-	1,064,973	(2,047,047)	240
Deferred grant revenue	589,878	-	-	-	-	-	-	-	589,878
Accrued expenses and other liabilities	<u>2,269,947</u>	<u>-</u>	<u>-</u>	<u>22,524</u>	<u>-</u>	<u>214,608</u>	<u>295,442</u>	<u>(231,019)</u>	<u>2,571,502</u>
Total current liabilities	<u>2,927,000</u>	<u>-</u>	<u>646</u>	<u>5,022,524</u>	<u>981,668</u>	<u>5,214,608</u>	<u>3,290,443</u>	<u>(9,208,094)</u>	<u>8,228,795</u>
<i>Long-term Liabilities</i>									
Unearned fees	1,906,128	-	-	-	-	-	-	(880,799)	1,025,329
Notes payable	<u>8,106,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>3,605,802</u>	<u>(3,605,802)</u>	<u>8,606,542</u>
Total long-term liabilities	<u>10,012,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>3,605,802</u>	<u>(4,486,601)</u>	<u>9,631,871</u>
Total liabilities	<u>12,939,670</u>	<u>-</u>	<u>646</u>	<u>5,022,524</u>	<u>981,668</u>	<u>5,714,608</u>	<u>6,896,245</u>	<u>(13,694,695)</u>	<u>17,860,666</u>
<i>Net assets</i>									
Non-controlling interest	-	-	-	-	11,715,731	35,041,459	267,315,198	-	314,072,388
Without donor restrictions:									
Undesignated	19,866,703	491,629	264,412	1,800,798	5,767,827	-	-	(8,324,666)	19,866,703
Designated	500,000	-	-	-	-	-	-	-	500,000
With donor restrictions	<u>1,210,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210,122</u>
Total net assets	<u>21,576,825</u>	<u>491,629</u>	<u>264,412</u>	<u>1,800,798</u>	<u>17,483,558</u>	<u>35,041,459</u>	<u>267,315,198</u>	<u>(8,324,666)</u>	<u>335,649,213</u>
Total liabilities and net assets	<u>\$ 34,516,495</u>	<u>\$ 491,629</u>	<u>\$ 265,058</u>	<u>\$ 6,823,322</u>	<u>\$ 18,465,226</u>	<u>\$ 40,756,067</u>	<u>\$ 274,211,443</u>	<u>\$ (22,019,361)</u>	<u>\$ 353,509,879</u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Consolidating Schedule of Activities  
For the Year Ended December 31, 2018

	<i>MHIC</i>	<i>MHEF</i>	<i>NSLF</i>	<i>CMF</i>	<i>HNEF LP</i>	<i>MHIC LLC</i>	<i>NMTC Funds</i>	<i>LIHTC Funds</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>Operating Revenue and Support</i>										
Interest on deposits	\$ 83,651	\$ -	\$ -	\$ 3,751	\$ 430	\$ 301,454	\$ 415	\$ 69,076	\$ -	\$ 458,777
Interest on project loans	188,025	-	2,089	125,591	214,156	1,233,936	14,712	-	(77,461)	1,701,048
Unrealized loss on investments	(4,238)	-	-	-	-	-	-	-	-	(4,238)
Loan program revenue	668,863	-	-	-	-	-	-	-	(598,022)	70,841
NMTC program revenue	4,038,399	-	-	-	-	-	-	-	(94,615)	3,943,784
LIHTC program revenue	4,532,289	-	-	-	-	-	-	-	(2,645,433)	1,886,856
Other program revenue	710,590	410	-	-	-	84,755	-	-	(464,404)	331,351
Grant revenue	973,896	-	-	-	-	-	-	-	-	973,896
Total operating revenue and support	<u>11,191,475</u>	<u>410</u>	<u>2,089</u>	<u>129,342</u>	<u>214,586</u>	<u>1,620,145</u>	<u>15,127</u>	<u>69,076</u>	<u>(3,879,935)</u>	<u>9,362,315</u>
<i>Operating Expenses</i>										
Salaries and employee benefits	6,760,062	-	-	-	-	-	-	-	-	6,760,062
Occupancy, equipment and furniture	524,836	-	-	-	-	-	-	-	-	524,836
Professional services	1,248,851	-	-	-	402,146	647,434	4,615	1,019,511	(1,982,069)	1,340,488
Depreciation and amortization	104,210	-	-	-	682	-	7,408	-	-	112,300
Grant expenses	590	-	-	-	-	-	-	-	-	590
Interest expense	-	-	-	-	-	166,453	6,224	46,959	(77,461)	142,175
Other office expenses and support	778,808	-	2,696	135,217	31,267	-	36,488	366,839	(194,497)	1,156,818
Total operating expenses	<u>9,417,357</u>	<u>-</u>	<u>2,696</u>	<u>135,217</u>	<u>434,095</u>	<u>813,887</u>	<u>54,735</u>	<u>1,433,309</u>	<u>(2,254,027)</u>	<u>10,037,269</u>
<i>Non - Operating Revenue/(Expenses)</i>										
Loss on redemption/write off of portfolio investments	-	-	-	-	-	-	(514,424)	-	-	(514,424)
Loss from investment in subsidiaries	(409,514)	-	-	-	(1,068,340)	-	(213,037)	(24,590,472)	1,545,422	(24,735,941)
Exit fees	-	-	-	-	-	-	(90,000)	-	90,000	-
Syndication costs	-	-	-	-	-	-	-	(400,000)	400,000	-
Total non-operating revenue/(expenses)	<u>(409,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,068,340)</u>	<u>-</u>	<u>(817,461)</u>	<u>(24,990,472)</u>	<u>2,035,422</u>	<u>(25,250,365)</u>
Change in net assets	<u>\$ 1,364,604</u>	<u>\$ 410</u>	<u>\$ (607)</u>	<u>\$ (5,875)</u>	<u>\$ (1,287,849)</u>	<u>\$ 806,258</u>	<u>\$ (857,069)</u>	<u>\$ (26,354,705)</u>	<u>\$ 409,514</u>	<u>\$ (25,925,319)</u>
Net assets at beginning of year	\$ 20,212,221	\$ 491,219	\$ 265,019	\$ 1,806,673	\$ 16,522,670	\$ 36,794,489	\$ 938,311	\$ 247,765,851	\$ (8,734,180)	\$ 316,062,273
Capital contributions	-	-	-	-	2,248,737	3,000,000	-	45,969,997	-	51,218,734
Distributions	-	-	-	-	-	(5,559,288)	(81,242)	(65,945)	-	(5,706,475)
Change in net assets	<u>1,364,604</u>	<u>410</u>	<u>(607)</u>	<u>(5,875)</u>	<u>(1,287,849)</u>	<u>806,258</u>	<u>(857,069)</u>	<u>(26,354,705)</u>	<u>409,514</u>	<u>(25,925,319)</u>
Net assets at end of year	<u>\$ 21,576,825</u>	<u>\$ 491,629</u>	<u>\$ 264,412</u>	<u>\$ 1,800,798</u>	<u>\$ 17,483,558</u>	<u>\$ 35,041,459</u>	<u>\$ -</u>	<u>\$ 267,315,198</u>	<u>\$ (8,324,666)</u>	<u>\$ 335,649,213</u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Schedule of Investments in Operating Partnerships  
For the Year Ended December 31, 2018

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF 2002 LLC</i>	New Court Terrace, LLC	99.99%	\$ 5,946,571	\$ 5,946,571	\$ -
<i>MHEF 2002 LLC</i>	Sargeant West Apartments II LP	99.99%	7,451,290	7,451,290	-
<i>MHEF 2002 LLC</i>	St. Jean Baptiste, LLC	99.99%	2,571,082	2,571,082	-
<i>MHEF 2002 LLC</i>	Hotel Raymond, LLC	99.99%	1,004,501	1,004,501	-
<i>MHEF 2002 LLC</i>	Cross Street Housing LP	99.99%	2,005,416	2,005,416	-
<i>MHEF 2002 LLC</i>	Egleston Crossing UE LP	92.11%	6,772,461	6,772,461	-
<i>MHEF X LLC</i>	Acushnet Commons LP	99.99%	2,047,111	2,047,111	-
<i>MHEF X LLC</i>	Capital Square Associates, LLC	99.99%	6,248,131	6,248,131	-
<i>MHEF X LLC</i>	Moltenbrey Apartments LP	99.99%	2,511,500	2,511,500	-
<i>MHEF X LLC</i>	147 Essex Avenue, LLC	99.99%	6,302,826	6,302,826	-
<i>MHEF X LLC</i>	Morville House Apartments LP	99.99%	9,183,342	9,183,342	-
<i>MHEF X LLC</i>	YWCA Fina House, LLC	99.99%	2,401,476	2,401,476	-
<i>MHEF X LLC</i>	Plantation Apartments LP	99.99%	1,973,256	1,973,256	-
<i>MHEF X LLC</i>	Meadowbrook Preservation Assoc LP	99.99%	6,568,164	6,568,164	-
<i>MHEF XI LLC</i>	Brunswick Holborn Two LP	99.99%	5,890,812	5,890,812	-
<i>MHEF XI LLC</i>	Columbia Wood Two LP	99.99%	6,574,743	6,574,743	-
<i>MHEF XI LLC</i>	Egleston Crossing UE LP	7.88%	580,000	580,000	-
<i>MHEF XI LLC</i>	Trolley Rental, LLC	99.99%	4,414,455	4,414,455	-
<i>MHEF XII LLC</i>	Dudley Village North LP	99.99%	4,038,767	4,038,767	-
<i>MHEF XII LLC</i>	Lazarus Hope, LLC	99.99%	2,850,915	2,850,915	-
<i>MHEF XII LLC</i>	Long-Glen Rental, LLC	99.99%	7,718,628	7,718,628	-
<i>MHEF XII LLC</i>	Till Chelsea LP	99.99%	4,669,240	4,669,240	-
<i>MHEF XIII LLC</i>	Bridle Path Preservation Associates	99.99%	5,143,028	5,143,028	-
<i>MHEF XIII LLC</i>	Chestnut Gardens Preservation Assoc LP	99.99%	3,403,229	3,403,229	-
<i>MHEF XIII LLC</i>	Church Street School LP	91.64%	4,752,100	4,752,100	-
<i>MHEF XIII LLC</i>	Dom Narodowy Polski PA LP	99.99%	1,681,806	1,681,806	-
<i>MHEF XIII LLC</i>	EA Fish Ashers Path, LLC	99.99%	7,466,968	7,466,968	-
<i>MHEF XIII LLC</i>	Eastgate Preservation Associates LP	99.99%	5,262,611	5,262,611	-
<i>MHEF XIII LLC</i>	Fairweather Preservation Associates LP	99.99%	10,105,015	10,105,015	-
<i>MHEF XIII LLC</i>	Irving Square Redeveloper, LLC	99.98%	2,474,512	2,474,512	-
<i>MHEF XIV LLC</i>	Canal Bluffs Rental LP	99.99%	4,812,020	4,812,020	-
<i>MHEF XIV LLC</i>	Church Street School LP	8.35%	400,000	400,000	-
<i>MHEF XIV LLC</i>	New Lithgow Residential, LLC	99.99%	1,369,040	1,369,040	-
<i>MHEF XIV LLC</i>	Sanford Apartments LP	99.98%	3,861,996	3,861,996	-
<i>MHEF XIV LLC</i>	Schoolhouse Brookledge Cummins LP	99.98%	6,248,844	6,248,844	-
<i>MHEF XIV LLC</i>	West Barnstable Communities LP	99.99%	5,795,420	5,795,420	-
<i>MHEF XVI LLC</i>	School House Kenilworth Williams LP	99.98%	6,459,989	6,459,989	-
<i>MHEF XVI LLC</i>	Lebaron Phase II Rental, LLC	59.99%	4,491,191	4,491,191	-
<i>MHEF XVII LLC</i>	ACDC Fort Street, LLC	99.99%	5,727,460	5,727,460	-
<i>MHEF XVII LLC</i>	Stevens Corner LP	99.98%	4,341,678	4,341,678	-
<i>MHEF XVII LLC</i>	JCHE Framingham LP	50.00%	3,240,641	3,240,641	-
<i>MHEF XVII LLC</i>	Bloomfield Gardens LP	99.99%	4,824,089	4,824,089	-
<i>MHEF XVIII LLC</i>	142 Water Street LP	88.77%	6,959,904	6,959,904	-
<i>MHEF XVIII LLC</i>	Cromwell Court Preservation Assoc LP	51.00%	1,558,068	1,558,068	-
<i>MHEF XVIII LLC</i>	KGH LP	99.99%	3,128,087	3,128,087	-
<i>MHEF XVIII LLC</i>	UE Apartments, LLC	99.99%	6,006,689	6,006,689	-

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Schedule of Investments in Operating Partnerships - *continued*  
For the Year Ended December 31, 2018

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF XVIII LLC</i>	Unity Place, LLC	99.99%	3,517,599	3,517,599	-
<i>MHEF XVIII LLC</i>	Sitkowski LP	7.00%	693,844	693,844	-
<i>MHEF XVIII LLC</i>	Winter Gardens, LLC	99.99%	4,049,595	4,049,595	-
<i>MHEF XIX LLC</i>	Austin Corridor II LP	99.99%	2,940,741	2,940,741	-
<i>MHEF XIX LLC</i>	Peters Grove Preservation Assoc LP	52.10%	2,000,952	2,000,952	-
<i>MHEF XIX LLC</i>	Franklin Preservation Associates LP	68.80%	14,267,222	14,267,222	-
<i>MHEF XIX LLC</i>	LBB Apartments, LLC	99.99%	7,352,005	7,352,005	-
<i>MHEF XIX LLC</i>	108 Newbury Street, LLC	99.99%	3,314,088	3,314,088	-
<i>MHEF XIX LLC</i>	CC Station Lofts, LLC	99.99%	2,903,343	2,903,343	-
<i>MHEF XIX LLC</i>	Olympia Amherst LP	71.18%	6,041,283	6,041,283	-
<i>MHEF XX LLC</i>	Cross Town Corners, LLC	99.99%	8,643,944	8,643,944	-
<i>MHEF XX LLC</i>	MHIC - NAHT Kenmore Abbey, LLC	99.99%	9,000,000	9,000,000	-
<i>MHEF XX LLC</i>	Olympia Oaks LP	28.81%	2,445,541	2,445,541	-
<i>MHEF XX LLC</i>	BC Edmands House, LLC	99.97%	7,528,004	7,528,004	-
<i>MHEF XX LLC</i>	ACDC Tremont Village, LLC	99.99%	2,397,092	2,397,092	-
<i>MHEF XX LLC</i>	Sitkowski LP	92.00%	8,592,732	8,592,732	-
<i>MHEF XX LLC</i>	Founders Court	99.99%	1,400,574	1,390,394	10,180
<i>MHEF XXI LLC</i>	Commonwealth Glenville, LLC	76.99%	9,506,804	9,506,804	-
<i>MHEF XXI LLC</i>	Caritas Project Place Cortes, LLC	99.99%	3,531,352	3,531,352	-
<i>MHEF XXI LLC</i>	KenQuad LP	99.99%	4,252,852	4,252,852	-
<i>MHEF XXI LLC</i>	CranCarp LP	99.99%	3,028,645	3,028,645	-
<i>MHEF XXI LLC</i>	HRI Putnam Square II, LLC	99.99%	7,857,757	7,857,757	-
<i>MHEF XXI LLC</i>	Bishop Allen Apartments, LLC	51.53%	1,921,555	1,921,555	-
<i>MHEF XXI LLC</i>	TND Homes I, LLC	99.99%	3,115,128	3,115,128	-
<i>MHEF XXI LLC</i>	Welcome Home Housing, LLC	99.99%	2,502,951	2,502,951	-
<i>MHEF XXII LLC</i>	Briston Arms Preservation Assoc LP	99.99%	12,967,828	12,967,828	-
<i>MHEF XXII LLC</i>	Port Landing Tenant, LLC	99.99%	3,795,069	3,795,069	-
<i>MHEF XXII LLC</i>	MM Picker, LLC	99.99%	14,002,014	14,002,014	-
<i>MHEF XXII LLC</i>	Auburn Court LLC	99.99%	10,112,100	10,112,100	-
<i>MHEF XXII LLC</i>	Tribune Preservation Associates LP	99.99%	5,710,178	5,710,178	-
<i>MHEF XXII LLC</i>	Nuestras Casas LP	99.99%	2,435,212	2,435,212	-
<i>MHEF XXII LLC</i>	Live Pleasant LP	99.99%	8,459,154	8,449,154	10,000
<i>MHEF XXII LLC</i>	Lyman School LP	99.99%	3,654,673	3,579,858	74,815
<i>MHEF XXII LLC</i>	Lenox Schoolhouse LLC	99.99%	5,047,744	5,037,745	9,999
<i>MHEF XXII LLC</i>	Coppersmith Village LP	75.99%	5,779,979	-	5,779,979
<i>MHEF XXII LLC</i>	BC Quincy Tower LLC	25.00%	4,783,168	4,780,665	2,503
<i>MHEF XXII LLC</i>	BH Chestnut Crossing LLC	21.00%	1,160,307	174,046	986,261
<i>MHEF XXIII LLC</i>	AKFH Renovations LLC	99.99%	6,748,003	742,280	6,005,723
<i>MHEF XXIII LLC</i>	Egleston Infill LLC	99.99%	5,818,892	1,163,778	4,655,114
<i>MHEF XXIII LLC</i>	BH EHT 2 LLC	99.99%	6,270,253	627,025	5,643,228
<i>MHEF XXIII LLC</i>	St. James Commons Apartments LP	99.99%	8,362,795	1,672,558	6,690,237
<i>MHEF XXIII LLC</i>	Virginia Blanchard Memorial Housing Ass	99.99%	6,212,979	1,863,894	4,349,085
<i>MHEF XXIII LLC</i>	BC Quincy Tower LLC	74.97%	14,343,765	14,336,268	7,497
<i>MHEF XXIII LLC</i>	Burbank Gardens Apartments LLC	99.99%	4,822,197	1,928,879	2,893,318
<i>MHEF XXIII LLC</i>	AHSC Essex Street Associates LLC	34.12%	8,977,712	1,248,000	7,729,712
<i>MHEF XXIV LLC</i>	Bedford Village Preservation Associates LI	66.99%	4,577,571	915,514	3,662,057
<i>MHEF XXIV LLC</i>	Moseley Apartments LLC	N/A	4,513,402	-	4,513,402

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Schedule of Investments in Operating Partnerships - *continued*  
For the Year Ended December 31, 2018

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF XXIV LLC</i>	Carter School LP	N/A	5,957,395	-	5,957,395
<i>MHEF XXIV LLC</i>	BH Chestnut Crossing LLC	78.99%	4,364,964	654,745	3,710,219
<i>MHEF XXIV LLC</i>	MacArthur Terrace LLC	99.99%	6,787,588	1,357,518	5,430,070
<i>HNEF</i>	Gerrish Investors, LLC	32.00%	894,536	894,536	-
<i>HNEF</i>	Trinity Ashmont Two LP	50.00%	486,130	486,130	-
<i>HNEF</i>	Landing Apartments LLC	37.00%	5,000,000	5,000,000	-
<i>HNEF</i>	Melnea Residences LLP	68.00%	3,850,000	3,850,000	-
<i>HNEF</i>	Barnat Beverly LLC	90.00%	4,937,634	4,937,634	-
<i>HNEF</i>	87 Washington MM LLC	90.00%	1,358,324	1,358,324	-
<i>Total</i>			<u>\$ 514,236,241</u>	<u>\$ 446,115,447</u>	<u>\$ 68,120,794</u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Schedule of Investments in Operating Partnerships  
For the Year Ended December 31, 2017

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>NMTC Fund IV</i>	Eustis Street MT, LLC	99.99%	\$ 265,238	\$ 265,238	\$ -
<i>MHEF 2001 LLC</i>	St. Botolph Assisted Living LP	99.99%	4,271,462	4,271,462	-
<i>MHEF 2002 LLC</i>	Robert L. Fortes House LP	99.99%	2,273,616	2,273,616	-
<i>MHEF 2002 LLC</i>	HAPCO, LLC	99.99%	2,415,000	2,415,000	-
<i>MHEF 2002 LLC</i>	Peabody Majestic LP	99.99%	630,948	630,948	-
<i>MHEF 2002 LLC</i>	New Court Terrace, LLC	99.99%	5,946,571	5,946,571	-
<i>MHEF 2002 LLC</i>	Sargeant West Apartments II LP	99.99%	7,451,290	7,451,290	-
<i>MHEF 2002 LLC</i>	St. Jean Baptiste, LLC	99.99%	2,571,082	2,571,082	-
<i>MHEF 2002 LLC</i>	Reviviendo Family Housing, LLC	99.99%	1,401,260	1,401,260	-
<i>MHEF 2002 LLC</i>	Hotel Raymond, LLC	99.99%	1,004,501	1,004,501	-
<i>MHEF 2002 LLC</i>	Cross Street Housing LP	99.99%	2,005,416	2,005,416	-
<i>MHEF 2002 LLC</i>	Egleston Crossing UE LP	92.11%	6,772,461	6,772,461	-
<i>MHEF 2002 LLC</i>	RTH Community Apartments LP	99.99%	1,470,956	1,470,956	-
<i>MHEF X LLC</i>	Acushnet Commons LP	99.99%	2,047,111	2,047,111	-
<i>MHEF X LLC</i>	Capital Square Associates, LLC	99.99%	6,248,131	6,248,131	-
<i>MHEF X LLC</i>	Moltenbrey Apartments LP	99.99%	2,511,500	2,511,500	-
<i>MHEF X LLC</i>	147 Essex Avenue, LLC	99.99%	6,302,826	6,302,826	-
<i>MHEF X LLC</i>	Morville House Apartments LP	99.99%	9,183,342	9,183,342	-
<i>MHEF X LLC</i>	YWCA Fina House, LLC	99.99%	2,401,476	2,401,476	-
<i>MHEF X LLC</i>	Plantation Apartments LP	99.99%	1,973,256	1,973,256	-
<i>MHEF X LLC</i>	Meadowbrook Preservation Assoc LP	99.99%	6,568,164	6,568,164	-
<i>MHEF XI LLC</i>	Brunswick Holborn Two LP	99.99%	5,890,812	5,890,812	-
<i>MHEF XI LLC</i>	Columbia Wood Two LP	99.99%	6,574,743	6,574,743	-
<i>MHEF XI LLC</i>	Egleston Crossing UE LP	7.88%	580,000	580,000	-
<i>MHEF XI LLC</i>	Trolley Rental, LLC	99.99%	4,414,455	4,414,455	-
<i>MHEF XII LLC</i>	Dudley Village North LP	99.99%	4,038,767	4,038,767	-
<i>MHEF XII LLC</i>	Lazarus Hope, LLC	99.99%	2,850,915	2,850,915	-
<i>MHEF XII LLC</i>	Long-Glen Rental, LLC	99.99%	7,718,628	7,718,628	-
<i>MHEF XII LLC</i>	Till Chelsea LP	99.99%	4,669,240	4,669,240	-
<i>MHEF XIII LLC</i>	Bridle Pathe Preservation Associates	99.99%	5,143,028	5,143,028	-
<i>MHEF XIII LLC</i>	Chestnut Gardens Preservation Assoc LP	99.99%	3,403,229	3,403,229	-
<i>MHEF XIII LLC</i>	Church Street School LP	91.64%	4,752,100	4,752,100	-
<i>MHEF XIII LLC</i>	Dom Narodowy Polski PA LP	99.99%	1,681,806	1,681,806	-
<i>MHEF XIII LLC</i>	EA Fish Ashers Path, LLC	99.99%	7,466,968	7,466,968	-
<i>MHEF XIII LLC</i>	Eastgate Preservation Associates LP	99.99%	5,262,611	5,262,611	-
<i>MHEF XIII LLC</i>	Fairweather Preservation Associates LP	99.99%	10,105,015	10,105,015	-
<i>MHEF XIII LLC</i>	Irving Square Redeveloper, LLC	99.98%	2,474,512	2,474,512	-
<i>MHEF XIV LLC</i>	Canal Bluffs Rental LP	99.99%	4,812,020	4,812,020	-
<i>MHEF XIV LLC</i>	Church Street School LP	8.35%	400,000	400,000	-
<i>MHEF XIV LLC</i>	New Lithgow Residential, LLC	99.99%	1,369,040	1,369,040	-
<i>MHEF XIV LLC</i>	Sanford Apartments LP	99.98%	3,861,996	3,861,996	-
<i>MHEF XIV LLC</i>	Schoolhouse Brookledge Cummins LP	99.98%	6,248,844	6,248,844	-
<i>MHEF XIV LLC</i>	West Barnstable Communities LP	99.99%	5,795,420	5,795,420	-
<i>MHEF XVI LLC</i>	School House Kenilworth Williams LP	99.98%	6,459,989	6,459,989	-
<i>MHEF XVI LLC</i>	Lebaron Phase II Rental, LLC	59.99%	4,491,191	4,491,191	-
<i>MHEF XVII LLC</i>	ACDC Fort Street, LLC	99.99%	5,727,460	5,727,460	-



**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Schedule of Investments in Operating Partnerships - *continued*  
For the Year Ended December 31, 2017

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF XVII LLC</i>	Stevens Corner LP	99.98%	4,341,678	4,341,678	-
<i>MHEF XVII LLC</i>	JCHE Framingham LP	50.00%	3,240,641	3,240,641	-
<i>MHEF XVII LLC</i>	Bloomfield Gardens LP	99.99%	4,824,089	4,824,089	-
<i>MHEF XVIII LLC</i>	Better Homes Tapley, LLC	99.99%	512,365	512,365	-
<i>MHEF XVIII LLC</i>	142 Water Street LP	88.77%	6,959,904	6,959,904	-
<i>MHEF XVIII LLC</i>	Cromwell Court Preservation Assoc LP	51.00%	1,558,068	1,558,068	-
<i>MHEF XVIII LLC</i>	KGH LP	99.99%	3,128,087	3,128,087	-
<i>MHEF XVIII LLC</i>	UE Apartments, LLC	99.99%	6,006,689	6,006,689	-
<i>MHEF XVIII LLC</i>	Unity Place, LLC	99.99%	3,517,599	3,517,599	-
<i>MHEF XVIII LLC</i>	Sitkowski LP	7.00%	693,844	693,844	-
<i>MHEF XVIII LLC</i>	Winter Gardens, LLC	99.99%	4,049,595	4,049,595	-
<i>MHEF XIX LLC</i>	Austin Corridor II LP	99.99%	2,940,741	2,940,741	-
<i>MHEF XIX LLC</i>	Peters Grove Preservation Assoc LP	52.10%	2,000,952	2,000,952	-
<i>MHEF XIX LLC</i>	Franklin Preservation Associates LP	68.80%	14,267,222	14,267,222	-
<i>MHEF XIX LLC</i>	LBB Apartments, LLC	99.99%	7,352,005	7,352,005	-
<i>MHEF XIX LLC</i>	108 Newbury Street, LLC	99.99%	3,314,088	3,314,088	-
<i>MHEF XIX LLC</i>	CC Station Lofts, LLC	99.99%	2,903,343	2,903,343	-
<i>MHEF XIX LLC</i>	Olympia Amherst LP	71.18%	6,041,283	6,041,283	-
<i>MHEF XX LLC</i>	Cross Town Corners, LLC	99.99%	8,643,944	8,643,944	-
<i>MHEF XX LLC</i>	MHIC - NAHT Kenmore Abbey, LLC	99.99%	9,000,000	9,000,000	-
<i>MHEF XX LLC</i>	Olympia Oaks LP	28.81%	2,445,541	2,445,541	-
<i>MHEF XX LLC</i>	BC Edmands House, LLC	99.97%	7,528,004	7,528,004	-
<i>MHEF XX LLC</i>	ACDC Tremont Village, LLC	99.99%	2,397,092	2,397,092	-
<i>MHEF XX LLC</i>	Sitkowski LP	92.00%	8,592,732	8,592,732	-
<i>MHEF XX LLC</i>	Founders Court	99.99%	1,400,574	1,390,394	10,180
<i>MHEF XXI LLC</i>	Commonwealth Glenville, LLC	76.99%	9,506,804	8,743,022	763,782
<i>MHEF XXI LLC</i>	Caritas Project Place Cortes, LLC	99.99%	3,531,352	3,531,352	-
<i>MHEF XXI LLC</i>	KenQuad LP	99.99%	4,252,852	4,252,852	-
<i>MHEF XXI LLC</i>	CranCarp LP	99.99%	3,028,645	3,018,645	10,000
<i>MHEF XXI LLC</i>	HRI Putnam Square II, LLC	99.99%	7,857,757	7,857,757	-
<i>MHEF XXI LLC</i>	Bishop Allen Apartments, LLC	51.53%	1,921,555	1,921,555	-
<i>MHEF XXI LLC</i>	TND Homes I, LLC	99.99%	3,115,128	3,115,128	-
<i>MHEF XXI LLC</i>	Welcome Home Housing, LLC	99.99%	2,502,951	2,502,951	-
<i>MHEF XXII LLC</i>	Briston Arms Preservation Assoc LP	99.99%	12,346,511	11,771,818	574,693
<i>MHEF XXII LLC</i>	Port Landing Tenant, LLC	99.99%	3,795,069	3,795,069	-
<i>MHEF XXII LLC</i>	MM Picker, LLC	99.99%	13,957,577	6,978,788	6,978,789
<i>MHEF XXII LLC</i>	Auburn Court LLC	99.99%	9,631,100	1,444,665	8,186,435
<i>MHEF XXII LLC</i>	Tribune Preservation Associates LP	99.99%	5,648,666	3,671,633	1,977,033
<i>MHEF XXII LLC</i>	Nuestras Casas LP	99.99%	2,435,212	974,085	1,461,127
<i>MHEF XXII LLC</i>	Live Pleasant LP	99.99%	8,459,154	4,229,578	4,229,576
<i>MHEF XXII LLC</i>	Lyman School LP	99.99%	3,589,858	1,435,943	2,153,915
<i>MHEF XXII LLC</i>	Lenox Schoolhouse LLC	99.99%	5,047,744	3,028,647	2,019,097
<i>MHEF XXII LLC</i>	Coppersmith Village LP	75.99%	5,779,979	-	5,779,979
<i>MHEF XXII LLC</i>	BC Quincy Tower LLC	25.00%	4,774,182	1,575,480	3,198,702
<i>MHEF XXIII LLC</i>	AKFH Renovations LLC	99.99%	6,748,003	404,880	6,343,123
<i>MHEF XXIII LLC</i>	Walker Park	99.99%	5,818,892	-	5,818,892

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Schedule of Investments in Operating Partnerships - *continued*  
For the Year Ended December 31, 2017

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF XXIII LLC</i>	BH EHT 2 LLC	99.99%	6,270,253	627,025	5,643,228
<i>MHEF XXIII LLC</i>	St. James Commons Apartments LP	99.99%	8,362,795	836,279	7,526,516
<i>MHEF XXIII LLC</i>	Virginia Blanchard Memorial Housing Assoc	99.99%	6,212,979	931,947	5,281,032
<i>MHEF XXIII LLC</i>	BC Quincy Tower LLC	74.97%	14,316,818	4,724,550	9,592,268
<i>HNEF</i>	Gerrish Investors, LLC	32.00%	894,536	894,536	-
<i>HNEF</i>	Trinity Ashmont Two LP	50.00%	486,130	486,130	-
<i>HNEF</i>	Landing Apartments LLC	37.00%	5,000,000	5,000,000	-
<i>HNEF</i>	Melnea Residences LLP	68.00%	3,850,000	3,850,000	-
<i>HNEF</i>	Barnat Beverly LLC	90.00%	4,937,634	4,937,634	-
<i>Total</i>			<u>\$ 483,648,612</u>	<u>\$ 406,100,245</u>	<u>\$ 77,548,367</u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Schedules of Financial Position – MHIC Only  
December 31, 2018 and 2017

<i><b>Assets</b></i>	<i>2018</i>	<i>2017</i>
<i><b>Current Assets</b></i>		
Cash and cash equivalents	\$ 11,822,999	\$ 12,549,023
Fees receivable - LIHTC Partnerships	1,909,458	1,972,336
Fees receivable - NMTC CDEs'	551,111	146,572
Current portion of program related loans	3,182,910	244,800
Program loan interest receivable	104,490	28,178
Accounts receivable	307,029	517,704
Due from affiliates	1,142,845	720,925
Total current assets	<u>19,020,842</u>	<u>16,179,538</u>
<i><b>Other Assets</b></i>		
Investment in marketable securities	216,063	304,639
Investment in capital stock	118,100	22,000
Program related loans	5,591,639	4,159,964
Restricted cash	589,878	1,563,774
Investment in subsidiaries	8,324,666	8,734,180
Equity interest in operating partnerships	39,286	39,250
Other assets	341,887	416,954
Furniture, equipment and leasehold improvements, net of accumulated depreciation	<u>274,134</u>	<u>348,372</u>
Total other assets	<u>15,495,653</u>	<u>15,589,133</u>
Total assets	<u>\$ 34,516,495</u>	<u>\$ 31,768,671</u>
<i><b>Liabilities and Net Assets</b></i>	<i>2018</i>	<i>2017</i>
<i><b>Current Liabilities</b></i>		
Current portion of notes payable	\$ 67,175	\$ -
Due to affiliates	-	34,285
Deferred grant revenue	589,878	1,563,774
Accrued expenses and other liabilities	<u>2,269,947</u>	<u>2,143,530</u>
Total current liabilities	<u>2,927,000</u>	<u>3,741,589</u>
<i><b>Long-term Liabilities</b></i>		
Unearned fees	1,906,128	2,214,861
Notes payable	<u>8,106,542</u>	<u>5,600,000</u>
Total long-term liabilities	<u>10,012,670</u>	<u>7,814,861</u>
Total liabilities	<u>12,939,670</u>	<u>11,556,450</u>
<i><b>Net assets</b></i>		
Without donor restrictions:		
Undesignated	19,866,703	19,425,995
Designated	500,000	500,000
With donor restrictions	<u>1,210,122</u>	<u>286,226</u>
Total net assets	<u>21,576,825</u>	<u>20,212,221</u>
Total liabilities and net assets	<u>\$ 34,516,495</u>	<u>\$ 31,768,671</u>

**Massachusetts Housing Investment Corporation**  
**Wholly Owned Subsidiaries and Legally-Separate Controlled Entities**  
Supplemental Schedules of Activities – MHIC Only  
For the Years Ended December 31, 2018 and 2017

	<i>2018</i>	<i>2017</i>
<i>Operating Revenue and Support</i>		
Interest on deposits	\$ 83,651	\$ 26,436
Interest on project loans	188,025	349,248
Unrealized loss on investments	(4,238)	(10,938)
Loan program revenue	668,863	716,143
NMTC program revenue	4,038,399	3,773,374
LIHTC program revenue	4,532,289	4,524,305
Other program revenue	710,590	558,633
Grant revenue	<u>973,896</u>	<u>1,486,226</u>
Total operating revenue and support	<u>11,191,475</u>	<u>11,423,427</u>
<i>Operating Expenses</i>		
Salaries and employee benefits	6,760,062	6,522,247
Occupancy, equipment and furniture	524,836	371,065
Professional services	1,248,851	959,528
Depreciation and amortization	104,210	29,098
Grant expenses	590	2,075,860
Other expenses	<u>778,808</u>	<u>792,468</u>
Total operating expenses	<u>9,417,357</u>	<u>10,750,266</u>
<i>Non - Operating Revenue/(Expenses)</i>		
Loss from investment in subsidiaries	<u>(409,514)</u>	<u>(327,181)</u>
Total non-operating revenue/(expenses)	<u>(409,514)</u>	<u>(327,181)</u>
Change in net assets	<u><u>\$ 1,364,604</u></u>	<u><u>\$ 345,980</u></u>
Net assets at beginning of year	\$ 20,212,221	\$ 19,866,241
Change in net assets	<u>1,364,604</u>	<u>345,980</u>
Net assets at end of year	<u><u>\$ 21,576,825</u></u>	<u><u>\$ 20,212,221</u></u>