



N Street Village, Inc. and Subsidiaries

Consolidated Financial Statements

**For the Years Ended
June 30, 2016 and 2015**

N Street Village, Inc. and Subsidiaries
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Independent Auditors' Report

To the Board of Directors
N Street Village, Inc.
1333 N Street, NW
Washington, DC 20005

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of N Street Village, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, and 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of N Street Village, Inc. and Subsidiaries as of June 30, 2016 and 2015, and results of its activities, changes 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated supplementary information shown on pages 29 to 34 is presented for purposes of additional analysis of the consolidated financial statements rather than to present financial positions, results of activities, and cash flows of the individual companies, 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 supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hertzbach & Company P.A.

Owings Mills, Maryland
December 29, 2016

N Street Village, Inc. and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 5,840,707	\$ 3,954,814
Grants Receivable	372,203	277,150
Pledges Receivable	2,005,054	1,554,236
Tenant and Other Receivables	30,423	16,900
Prepaid Expenses	86,983	33,440
Total Current Assets	8,335,370	5,836,540
Noncurrent Assets		
Investments	1,702,626	1,747,267
Reserves and Escrows	52,092	49,389
Tenant Security Deposits	31,547	31,648
Land, Buildings, Furniture, Equipment, and Improvements, net	16,423,679	17,082,460
Trust Receivable	429,772	444,282
Total Noncurrent Assets	18,639,716	19,355,046
Total Assets	\$ 26,975,086	\$ 25,191,586
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable and Accrued Expenses	642,307	248,249
Accrued Salary and Related Expenses	255,436	88,730
Current Portion of Mortgages and Notes Payable	71,433	1,571,145
Tenant Security Deposits and Prepaid Rent	77,843	40,276
Total Current Liabilities	1,047,019	1,948,400
Noncurrent Liabilities		
Mortgages and Notes Payable	6,209,244	2,319,282
Total Liabilities	7,256,263	4,267,682
Net Assets		
Unrestricted	12,079,530	14,898,440
Unrestricted - Board Designated	367,465	367,465
Unrestricted – Non-Controlling	304,968	-
Total Unrestricted Net Assets	12,751,963	15,265,905
Temporarily Restricted Net Assets	6,966,860	5,657,999
Total Net Assets	19,718,823	20,923,904
Total Liabilities and Net Assets	\$ 26,975,086	\$ 25,191,586

**N Street Village, Inc. and Subsidiaries
Consolidated Statements of Activities
Years Ended June 30, 2016 and 2015**

	<u>2016</u>			<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support						
Grants and Contributions	\$ 2,284,864	\$ 1,756,945	\$ 4,041,809	\$ 1,520,231	\$ 2,299,147	\$ 3,819,378
Rental and Service Fee Income	1,355,763	11,620	1,367,383	1,227,281	-	1,227,281
Government Contracts and Grants	-	2,003,501	2,003,501	-	1,484,982	1,484,982
Special Event Revenue, net of benefit to attendees of \$175,172 and \$155,144	905,638	-	905,638	657,085	-	657,085
In-Kind Contributions	365,807	-	365,807	500,328	-	500,328
Forgiveness of Debt	30,000	-	30,000	30,000	-	30,000
Other Revenue	87,985	-	87,985	72,214	-	72,214
Net Assets Released from Restriction	2,583,219	(2,583,219)	-	2,028,082	(2,028,082)	-
Total Revenue and Support	<u>7,613,276</u>	<u>1,188,847</u>	<u>8,802,123</u>	<u>6,035,221</u>	<u>1,756,047</u>	<u>7,791,268</u>
Expenses						
Program Services	5,201,669	-	5,201,669	4,180,199	-	4,180,199
Management and General	1,021,638	-	1,021,638	1,110,299	-	1,110,299
Fundraising	818,849	-	818,849	754,549	-	754,549
Total Expenses	<u>7,042,156</u>	<u>-</u>	<u>7,042,156</u>	<u>6,045,047</u>	<u>-</u>	<u>6,045,047</u>
Change in Net Assets Before Non-Operational Activities and Non-Controlling Interest in Net Assets of Subsidiary	571,120	1,188,847	1,759,967	(9,826)	1,756,047	1,746,221
Non-Operational Activity						
Change in Value of Trust	-	(14,510)	(14,510)	-	(20,433)	(20,433)
Investment and Interest Income	36,692	-	36,692	9,430	14,138	23,568
Realized Gain on Investments	66,664	-	66,664	33,252	50,862	84,114
Unrealized Gain on Investments	(230,924)	134,524	(96,400)	(15,521)	(23,744)	(39,265)
Loss on Sale of Assets	(3,315,114)	-	(3,315,114)	-	-	-
Total Non-Operational Activity	<u>(3,442,682)</u>	<u>120,014</u>	<u>(3,322,668)</u>	<u>27,161</u>	<u>20,823</u>	<u>47,984</u>
Change in Net Assets Before Non-Controlling Interest in Net Assets of Subsidiary	(2,871,562)	1,308,861	(1,562,701)	17,335	1,776,870	1,794,205
Change in Non-Controlling Interest in Net Assets of Subsidiary	(52,652)	-	(52,652)	234,452	-	234,452
Change in Net Assets	<u>\$ (2,818,910)</u>	<u>\$ 1,308,861</u>	<u>\$ (1,510,049)</u>	<u>\$ 251,787</u>	<u>\$ 1,776,870</u>	<u>\$ 2,028,657</u>

N Street Village, Inc. and Subsidiaries
Consolidated Statements of Functional Expenses
Years Ended June 30, 2016 and 2015

	2016				2015			
	Programs	Management and General	Fundraising	Total	Programs	Management and General	Fundraising	Total
Wages and Fringe Benefits	\$2,760,520	\$ 235,036	\$ 463,965	\$3,459,521	\$2,177,042	\$ 178,087	\$ 459,107	\$2,814,236
Occupancy and Utilities	693,344	53,924	19,539	766,807	527,016	102,587	72,934	702,537
Depreciation and Amortization	663,909	7,491	7,547	678,947	519,693	34,247	14,365	568,305
Professional Fees and Consulting	232,887	458,473	80,008	771,368	145,521	333,641	77,743	556,905
Donated Goods and Services	134,286	189,120	42,401	365,807	77,687	382,936	-	460,623
Maintenance Services	230,650	7,385	28	238,063	298,874	90	-	298,964
Food and Resident Needs	156,840	-	-	156,840	178,494	113	62	178,669
Interest	40,809	36,360	-	77,169	87,558	41,322	-	128,880
Insurance, Licenses and Taxes	130,584	5,747	7,182	143,513	68,917	14,328	665	83,910
Supplies, Equipment and Software	97,585	7,210	8,503	113,298	29,464	4,861	3,927	38,252
Printing, Postage and Publications	1,597	1,120	57,151	59,868	139	159	48,575	48,873
Meetings and Conferences	12,083	4,269	70,049	86,401	4,271	1,077	31,440	36,788
Credit Card and Other Financial Fees	183	9,362	15,531	25,076	22,371	8,006	18,713	49,090
Tax Credit Compliance	11,556	-	-	11,556	15,974	-	-	15,974
Bad Debt	-	1,662	1,000	2,662	2,374	-	13,616	15,990
Other	34,836	4,479	45,945	85,260	24,804	8,845	13,402	47,051
Total Expenses	<u>\$5,201,669</u>	<u>\$ 1,021,638</u>	<u>\$ 818,849</u>	<u>\$7,042,156</u>	<u>\$4,180,199</u>	<u>\$ 1,110,299</u>	<u>\$ 754,549</u>	<u>\$6,045,047</u>

N Street Village, Inc. and Subsidiaries
Consolidated Statements of Changes in Net Assets
June 30, 2016 and 2015

	Unrestricted			Temporarily Restricted Controlling	Total	
	Controlling	Board Designated	Non- Controlling			Total Unrestricted
Net assets, June 30, 2014	\$ 16,847,665	\$ 367,465	(1,966,560)	\$ 15,248,570	\$ 3,881,129	\$ 19,129,699
Transfer of Non-Controlling Interest as Of December 31, 2015	(2,201,012)	-	2,201,012	-	-	-
Change in Net Assets for the Year Ended June 30, 2015	251,787	-	(234,452)	17,335	1,776,870	1,794,205
Net Assets, June 30, 2015	14,898,440	367,465	-	15,265,905	5,657,999	20,923,904
Investor Equity	-	-	357,620	357,620	-	357,620
Change in Net Assets for the Year Ended June 30, 2016	(2,818,910)	-	(52,652)	(2,871,562)	1,308,861	(1,562,701)
Net Assets, June 30, 2016	\$ 12,079,530	\$ 367,465	\$ 304,968	\$ 12,751,963	\$ 6,966,860	\$ 19,718,823

N Street Village, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,562,701)	\$ 1,794,205
Adjustments to Reconcile Change in Net Assets to Cash Provided By (Used In) Operating Activities		
Write-Down on Transfer of Asset	3,315,114	-
Disposal of Fixed Assets	45,381	-
Depreciation and Amortization	678,947	568,305
Realized Gain on Investments	(66,664)	(84,114)
Unrealized (gain) loss on investments	96,400	39,264
Increase in Value of Charitable Trust	14,510	20,433
Forgiveness of Loan Principal	(30,000)	(30,000)
Write-Off of Unamortized Loan Costs	-	28,963
Bad Debt	2,662	13,616
(Increase) Decrease in		
Grants and Contracts Receivable	(95,053)	(14,773)
Pledges Receivable	(453,480)	(304,027)
Rent and Other Receivables	(13,523)	14,392
Increase in Trust Receivable	-	(33,070)
Prepaid Expenses	(53,543)	56,514
Tenant Security Deposits, net	101	-
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	394,058	(96,903)
Accrued Salaries and Related Expenses	166,706	5,145
Client Escrow Accounts	(2,703)	-
Prepaid Rent	37,567	(1,633)
Net Cash Provided By Operating Activities	2,473,779	1,976,317
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	144,366	104,000
Purchase of Investments	(129,461)	(94,414)
Disbursements for construction, furniture and equipment	(964,266)	(300,100)
Net Withdrawals from Replacement Reserve	-	157,824
Net Withdrawals from Operating Reserves	-	195,387
Net Withdrawals from Insurance Escrow	-	89,692
Net Withdrawals from Other Reserves	-	(9,755)
Net Cash Provided By (Used In) Investing Activities	(949,361)	142,634

See accompanying notes to consolidated financial statements.

N Street Village, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
June 30, 2016 and 2015

	2016	2015
Cash Flows from Financing Activities		
Capital Contribution	357,620	-
Accrued Capitalized Interest	30,000	1,060
Principal Payments on Notes Payable	(26,145)	424,632
Draw on Line of Credit	-	(400,000)
Net Cash Provided By Financing Activities	361,475	25,692
Net Increase in Cash and Cash Equivalents	1,885,893	2,144,643
Cash and Cash Equivalents, Beginning of Year	3,954,814	1,810,171
Cash and Cash Equivalents, End of Year	\$ 5,840,707	\$ 3,954,814
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$ 64,388	\$ 81,430
Non-Cash Investing and Financing		
Bond Proceeds	2,693,612	-
Construction in Progress	(2,416,396)	-
Repayment of Bridge Loan	(1,500,000)	-
DHCD Loan Proceeds for NSV Residential LLC	479,320	-
DHCD Loan Proceeds for Miriam's House LLC	743,464	-

N Street Village, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

NOTE 1 – NATURE OF BUSINESS

N Street Village, Inc. (“NSV”) is a 501(c)(3) nonprofit organization incorporated in November 1972 in the District of Columbia and founded by Luther Place Memorial Church. NSV is a social service organization with a dual mission: to empower low-income and homeless women to claim their highest quality of life and to provide affordable housing for low- and moderate-income individuals and families.

NSV accomplishes its mission by offering a portfolio of services designed to meet the needs of its beneficiaries. These services are currently offered at five locations in Northwest DC:

- 1333 N Street/1301 14th Street. Our 150,000 square foot flagship building provides 42 single permanent supportive housing low rent rooms in shared apartments for individuals with a history of chronic homelessness, mental illness, addiction and/or disability; 21 recovery housing beds in 2 large apartments for individuals with addiction and/or mental illness; Eden House Apartments – 51 units of independent, affordable housing for low- and moderate-income individuals and families, facilities for client services, and offices for administrative and development staff.
- 1226 Vermont Avenue. On the fourth floor of Luther Place Memorial Church, NSV operates the 31-bed Luther Place Night Shelter for women.
- 1300 Florida Avenue. NSV owns and operates the Miriam’s House program that provides housing and services for women living with HIV and AIDS. This 25 unit facility has been newly renovated to include an updated kitchen, a new computer lab and an exercise room.
- 1107 11th Street. NSV provides permanent supportive housing services for 30 women at Erna’s House, an apartment building that is master-leased by the District of Columbia from a private owner.
- 810 5th Street. The Patricia Handy Place for Women, opened in April 2016, is a 213-bed facility master-leased by the District of Columbia from a private owner. Under a contract with the District of Columbia, NSV provides emergency and temporary housing for women experiencing homelessness, including a dedicated floor for seniors and on-site intensive medical care.

NSV serves its clients through several programs in addition to those stated above. Bethany Women’s Day Center provides meals, laundry and shower facilities, activities, and access to crisis management support. The Wellness Center provides health promotion and disease prevention services, including access to a physician, dentist, and psychiatrist; health education, disease management, exercise, and nutrition classes; smoking cessation programs; massage; and more. NSV finds that client outcomes improve by providing comprehensive supportive services like these co-located with housing.

NOTE 1 – NATURE OF BUSINESS (continued)

NSV was the general partner and 0.01% owner of its subsidiary, N Street Village Limited Partnership (“NSVLP”), which owned and operated the facility at 1333 N Street/1301 14th Street until the partnership was dissolved on December 31, 2014. The property owned by NSVLP was a Section 42 Low-Income Housing Tax Credit project.

Effective March 24, 2016, NSV Residential LLC was formed to develop, rehabilitate, own, maintain and operate 95 units of residential space at 1333 N Street/1301 14th Street for rental to low income individuals and families. NSV’s interest in NSV Residential LLC is through NSV Residential Managing Member LLC, for which NSV is the managing member and 55% owner, and the National Housing Trust-Enterprise Preservation Corporation, a disaffiliated non-profit corporation, is a non-managing 45% member. NSV Residential Managing Member LLC is the managing member and 0.01% owner of NSV Residential LLC. The investor member and 99.99% owner of NSV Residential LLC is an affiliate of Hudson Housing Capital LLC. The assets and credit of NSV Residential Managing Member LLC are not available to satisfy the debts of other entities included in the consolidated financial statements.

NSV Residential LLC owns 76.47% of the land and building at 1333 N Street/1301 14th Street. The remaining 23.53% is owned by NSV and is used to provide program services and offices for administrative staff. The property owned by NSV Residential LLC is a Section 42 Low-Income Housing Tax Credit project. Applicants to the Eden House Apartments and the residential programs provided from this location (95 units) must meet income eligibility requirements. NSV also must comply with land use regulations and other tax and regulatory requirements.

On June 19, 2014 NSV created NSV–Miriam’s House, LLC (“MHLLC”), a wholly owned subsidiary of the organization, intended to hold and operate the real property located at 1300 Florida Avenue, NW. NSV, NSV Residential LLC, MHLLC and NSVLP are jointly referred to as “the Organization.”

NSV depends on the support of individual donors, foundations, corporations, and other organizations to fund approximately 62% of the cost of providing its services. NSV receives about 26% of its revenue from government grants and contracts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements of have been presented on a consolidated basis due to the presence of common control between the entities. For the year ended June 30, 2016, the consolidated financial statements include the activities of NSV, MHLLC and NSV Residential LLC (formed on March 24, 2016). For the year ended June 30, 2015, the consolidated financial statements include the activities of NSV, MHLLC and NSVLP (until its dissolution on December 31, 2014). All significant transactions and balances between the entities have been eliminated in consolidation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Method of Accounting

The Organization's consolidated financial statements are prepared on the accrual method of accounting, which recognizes income when it is earned and expenses when they are incurred.

Estimates

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

Basis of Presentation

The Organization complies with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-For-Profit Entities*, and is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Due to purpose restrictions, seven grants to the Organization are temporarily restricted as of June 30, 2016 and 2015.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of acquisition and money market funds to be cash equivalents. As of the years ended June 30, 2016 and 2015, cash and cash equivalents of \$1,027,810 and \$125,457, respectively, are contained within the investment portfolio.

Grants and Pledges Receivable

Grants and contributions receivable are stated at net realizable value. In the opinion of management, all receivables outstanding are considered collectible based on a review of historical collections. Accordingly, an allowance for doubtful accounts has not been recorded.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Bad Debts

Tenant receivables and accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investments

Investments with readily determinable fair values are reflected at fair market value. Income is recognized from interest and dividends as earned. Marketable securities consist of fixed income securities and mutual funds. The Organization's marketable securities are available-for-sale securities carried at fair value based on quoted market prices (Level 1) at the date nearest the financial position date. Unrealized gains or losses are included in the accompanying consolidated statements of activities.

Land, Buildings, Furniture, Equipment and Improvements

Land, buildings, furniture, equipment and improvements are stated at cost. The cost of repairs and maintenance is charged to operations as incurred. Major renewals, betterments and additions in excess of \$2,500 are capitalized. When assets are sold or otherwise disposed of, the cost of the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss is credited or charged to revenue. Depreciation is computed using the straight-line method over 27.5 to 40 years for buildings and improvements, 5 to 40 years for leasehold improvements, and 3 to 7 years for furniture, fixtures and equipment. Property undergoing rehabilitation that has not been placed in service is included in construction in progress and is not depreciated.

Impairment of Long-Lived Assets

The Organization reviews its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There have been no asset impairments during the years ended June 30, 2016 and 2015.

Construction in Progress

The Organization capitalizes all direct and indirect costs related to the development of projects, which includes, among other things, pre-development costs, construction costs and interest. The development costs exclude certain ordinary operating expenses, which are expensed as incurred. As of June 30, 2016 and 2015, construction in progress of \$2,525,340 and \$797,753, respectively, was included in fixed assets on the statements of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalized Interest

NSV Residential LLC incurred construction period interest that has been capitalized as part of construction in progress. As of June 30, 2016, capitalized interest totaled \$65,531.

Intangible Assets and Amortization

Mortgage costs are amortized over the term of the mortgage loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method to amortize mortgage costs is not materially different from the results obtained under the effective yield method. Amortization expense for the year ended June 30, 2015 was \$2,118. Upon dissolution of NSVLP, unamortized loan costs of \$28,963 were written off.

Fair Value of Financial Instruments

The Organization has adopted ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. ASC 820 clarifies that fair value is an exit price, representing the amount expected to be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820 sets forth a three-tier hierarchy for the inputs used to measure fair value based on the degree to which such inputs are observable in the marketplace, as follows:

Level 1 – observable inputs such as quoted prices in active markets;

Level 2 – inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Net Asset Classification

The net assets of the Organization are reported in five groups as follows:

- Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operations of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Unrestricted board designated net assets represent funds set aside by the board of directors as an internal reserve for NSV operations. There was no change in board designated net assets for the years ended June 30, 2016 and 2015.
- Temporarily restricted net assets include revenue and contributions subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restriction.
- Permanently restricted net assets represent funds restricted by the donor to be maintained in-perpetuity by NSV. As of June 30, 2016 and 2015, NSV did not have any permanently restricted net assets.
- Unrestricted non-controlling net assets at June 30, 2016 represent the net assets attributable to the investment member's interest in NSV Residential LLC. NSV is the managing member of NSV Residential LLC. The aggregate balance of the limited partner's equity interest in NSV Residential LLC is included in the consolidated financial statements.

Unrestricted non-controlling net assets at June 30, 2015 represent net assets attributable to the limited partner's interest in NSVLP. NSV was the general partner in NSVLP. The aggregate balance of the limited partner's equity interest in NSVLP is included in the consolidated financial statements until the dissolution of the partnership on December 31, 2014.

In-Kind Contributions

The Organization receives goods and services from various donors in support of its programs and records these items at their estimated fair value at the date of donation. During the years ended June 30, 2016 and 2015, the Organization received in-kind donations of professional services and other goods valued at \$365,807 and \$500,328, respectively, which are reported as in-kind donations in the accompanying consolidated statements of activities. During the years ended June 30, 2016 and 2015, the Organization also received approximately 7,972 and 11,185 hours of donated services, respectively, from volunteers in support of its programs that do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Revenue Recognition

Grants and contributions are recorded as revenue in the year notification is received from the donor. Grants and contributions received by NSV are recognized as unrestricted support upon satisfaction of donor-imposed restrictions. Temporarily restricted net assets represent grants and contributions for which donor imposed restrictions have not been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Any promises to give due beyond a year are discounted to the net present value of future cash flows. All promises to give, grants receivable and notes receivable are considered by management to be fully collectible.

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the property are operating leases.

NSV has a policy of releasing any restrictions on donated assets when the asset is placed in service.

Advertising Costs

Advertising costs are charged to operations when incurred.

Functional Allocation of Expenses

The costs of providing programs and supporting services are summarized on a functional basis in the consolidated statements of activities. Indirect costs have been allocated to program services, management and general, and fundraising based on the proportion of staff salaries and fringe benefits expenses directly charged to those cost centers or based on the square footage of space used by each function. Estimates may be used in developing allocations of expenses by function.

Income Taxes

NSV is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income as defined in the Code. The Organization did not have any unrelated business income during the years ended June 30, 2016 and 2015. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements.

Since taxable income or losses from NSV Residential LLC and MHLLC pass through to the individual investors, no provision for income taxes has been included in the consolidated financial statements for either subsidiary. Neither NSV Residential LLC or MHLLC have any other tax positions that require disclosure.

Reclassifications

Certain amounts for the year ended June 30, 2015 have been reclassified to conform to the presentation for the year ended June 30, 2016, which had no effect on the change in consolidated net assets as reported in the prior year.

NOTE 3 - RESERVES AND ESCROWS

Reserves and escrows at June 30, 2016 and 2015 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Operating deficit reserve	\$ 10,000	\$ 10,000
Other reserves	42,092	39,389
Total reserves and escrows	<u>\$ 52,092</u>	<u>\$ 49,389</u>

NOTE 4 - INVESTMENTS

The Organization follows FASB ASC 958, *Not-For-Profit Entities*, where investments in equity and debt securities with readily determinable fair values are measured at fair value in the consolidated statements of financial position. Investments are carried at fair value based on quoted market prices (Level 1). Investment income or loss (including gains and losses on investments, interest and dividends) is included in the consolidated statements of activities as an increase or decrease in net assets. As of June 30, 2016, and 2015 investments are not considered current assets due to donor restrictions limiting availability to 5% of the total over the next year.

The following table details the Organization's marketable debt and equity securities, including cumulative unrealized gains and losses, at fair value as of June 30, 2016 and 2015:

	<u>2016</u>			<u>2015</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	1,526,656	1,670,153	143,497	1,463,492	1,703,420	239,928
Fixed Income Securities	28,165	32,077	3,912	39,570	43,389	3,819
Equities	-	396	396	-	458	458
Total	<u>\$ 1,554,821</u>	<u>\$ 1,702,626</u>	<u>\$ 147,805</u>	<u>\$ 1,503,062</u>	<u>\$ 1,747,267</u>	<u>\$ 244,205</u>

NOTE 5 - FIXED ASSETS

Land, buildings, furniture and equipment, and improvements at June 30, 2016 and 2015 consisted of the following:

	<u>Useful Lives</u>	<u>2016</u>	<u>2015</u>
Building and improvements	27.5 - 40 years	\$ 12,291,236	\$ 18,754,641
Land	NA	3,982,212	5,346,690
Leasehold improvements	5 - 40 years	-	2,280,332
Furniture and equipment	3 - 7 years	619,360	761,214
Construction in progress	NA	2,525,340	797,753
Subtotal		<u>19,418,148</u>	<u>27,940,630</u>
Less accumulated depreciation		<u>(2,994,469)</u>	<u>(10,858,170)</u>
Total		<u>\$ 16,423,679</u>	<u>\$ 17,082,460</u>

NOTE 6 – ACQUISITION AND DISPOSITION OF PROPERTY

NSV sold 76.47% of the land and building at 1333 N Street/1301 14th Street to NSV Residential LLC on March 24, 2016. The remaining 23.53% is owned by NSV and is used to provide program services and offices for administrative staff. The appraised value of \$6,882,587 was paid through a note payable to NSV of \$5,235,492 and cash of \$1,647,095. The cash was used to pay off the outstanding bridge loan of \$1,500,000. Due to the restrictions on the property because it is a Section 42 Low-Income Housing Tax Credit project, NSV recognized a \$3,315,114 write-down on the transfer of assets.

NOTE 7 – PROPERTY RENOVATIONS

The Organization launched a project to renovate its owned buildings at 1300 Florida Avenue and 1333 N Street/1301 14th Street to ensure that these facilities safely and adequately support comprehensive services 24 hours a day, 7 days a week, 365 days a year. Miriam’s House at 1300 Florida Avenue has been renovated to provide 8 additional housing units, a fully renovated kitchen, a new computer lab, and an exercise room, as well as energy efficiency improvements including new windows and HVAC system.

At 1333 N Street/1301 14th Street, renovation is expected to be completed on the residential units in December 2016. Included in this first phase is renovation of the 51 units of affordable housing apartments (Eden House), renovation of the 42 units of permanent supportive housing, and the addition of two new units of permanent supportive housing. The first phase will also include a new roof, and upgrades to the mechanical systems and elevators. The second phase, scheduled to start in 2017, will include expansion of the Day Center and the Wellness Center, relocation of the kitchen, and the creation of a Technology Center.

NOTE 8 - TRUST RECEIVABLE

NSV is a beneficiary of a charitable remainder trust which is held and managed by a third party. The trust’s fair value is measured on a recurring basis based on current market expectations about the future receivable (Level 3). As of June 30, 2016 and 2015, the trust receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
Trust receivable, beginning	\$ 444,282	\$ 431,645
Contributions	-	33,070
Change in fair value	<u>(14,510)</u>	<u>(20,433)</u>
Trust receivable, ending	<u>\$ 429,772</u>	<u>\$ 444,282</u>

NOTE 9 - LINE OF CREDIT

NSV obtained an \$800,000 line of credit with First Virginia Community Bank on December 19, 2014, which is secured by assets held in investment accounts. Borrowings bear interest at the prime rate. On January 28, 2015, the line of credit was drawn in the amount of \$400,000 to pay in full and close a line of credit at CityFirst Bank. The outstanding balance of \$400,000 was paid in full and no other borrowings have been made through June 30, 2016. The line matures February 19, 2018 with an option to renew.

NOTE 10 - MORTGAGES AND NOTES PAYABLE

Mortgages and notes payable consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
A \$743,464 interest-free loan from the DC Department of Housing and Community Development (DHCD) dated July 7, 2015, secured by a deed of trust on land and a building for the benefit of NSV-Miriam's House LLC. Principal is payable annually equal to the lesser of (i) 75% of available cash flow (as defined in the agreement) or (ii) \$18,586 and matures on April 1, 2055.	\$ 743,464	\$ -
NSV, Inc. assumed a note payable from Miriam's House, Inc. in the amount of \$103,098 due to DHCD dated May 1, 1995, secured by a deed of trust on land and a building. Principal and interest are payable in monthly installments of \$948. The note bears interest at 3% per annum and matures on April 1, 2020.	58,270	67,749
A \$500,000 interest-free loan from DHCD secured by a deed of trust on land and a building for the benefit of NSV Inc. Principal payments are due in monthly installments of \$1,389 through March 2020.	66,558	83,224
A loan from the Trust for Affordable Housing (TAH) for NSV Inc., secured by a deed of trust on land and buildings in the amount of \$600,000, which in turn was loaned to NSVLP until its dissolution at December 31, 2014. The loan is non-interest bearing with principal to be forgiven over 20 years in equal installments beginning in 1997. For both years ended June 30, 2016 and 2015, \$30,000 of income was recognized as loan forgiveness.	30,000	60,000
A note payable of \$1,500,000 along with capitalized development costs of \$139,454, due to Luther Place Memorial Church ("LPMC"). Interest accrued at a rate of 2% on \$1,500,000 only, all other advances are not-interest bearing. NSV refinanced the note payable to LPMC on December 30, 2014 with the principal balances of \$2,100,000 and \$64,454 respectively. Interest accrues at a rate of 2% on the \$2,100,000 only. The \$64,454 note is non-interest bearing and requires an annual payment of \$15,000 until paid in full. The \$2,100,000 note matures on December 31, 2020, which can be extended for two additional 5-year periods. Accrued interest of \$30,000 and \$15,000 were included in the amounts due at June 30, 2016 and 2015, respectively.	2,209,454	2,179,454

NOTE 10 - MORTGAGES AND NOTES PAYABLE (continued)

Mortgages and notes payable consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
NSV obtained a \$1,500,000 term loan on December 30, 2014 from First Virginia Community Bank which was secured by a lien on the real property located at 1333 N Street, NW. Borrowings on the bridge loan bore interest at the WSJ prime rate plus 0.50% with a minimum rate of 3.75%. The bridge loan was paid in full on March 24, 2016.	-	1,500,000
The DC Housing Finance Agency (DCHFA) has agreed to loan up to \$8,500,000 through Multifamily Housing Mortgage Revenue Bonds, Series 2016, to NSV Residential LLC to finance the acquisition, development, construction, rehabilitation and equipping of the residential rent housing in the building located at 1333 N Street, NW. Of the total bond amount, \$4,500,000 is short-term, bears interest at LIBOR plus 2.25% and matures 24 months after initial closing, at which point the remaining bonds convert to a \$4,000,000 permanent loan.	2,693,611	-
A \$2,483,222 DHCD Community Development Block Grant loan to NSV Residential LLC that bears interest at 3% compounding annually and matures 40 years from the placed-in-service date, which is projected to be December 2016. Payment will be due annually beginning May 1, 2018 from NSV Residential LLC's Available Cash Flow, as defined in the loan agreement.	479,320	-
Total mortgages and notes payable	6,280,677	3,890,427
Less current portion of mortgages and notes payable	(71,433)	(1,571,145)
Mortgages and notes payable, net of current portion	<u>\$ 6,209,244</u>	<u>\$ 2,319,282</u>

Maturities of the mortgages and notes payable for the ensuing five years and thereafter are as follows:

Year ending June 30, 2017	\$
	71,433
2018	2,735,341
2019	31,490
2020	27,242
2021	11,011
Thereafter	<u>3,404,160</u>
	\$
	<u>6,280,677</u>

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Purpose Restrictions		
Capital Campaign	\$ 4,723,654	\$ 3,690,772
Miriam's House	336,000	-
Wellness Center	122,281	195,085
Education and Employment Center	73,770	145,901
Patricia Handy Place for Women	60,975	-
Permanent Supportive Housing	-	1,105
Other purposes	33,587	30,111
Total Purpose Restrictions	<u>5,350,267</u>	<u>4,062,974</u>
Time restriction	<u>1,616,593</u>	<u>1,595,025</u>
Total temporarily restricted net assets	<u>\$ 6,966,860</u>	<u>\$ 5,657,999</u>

The Weinberg Fund

The Weinberg Fund was established through a pacesetting gift totaling \$500,000 from the Weinberg Foundation plus a matching amount raised by the Organization. The terms of the donation permit withdrawal of 5% of the total investment balance, regardless of fluctuations in the value of the investments. NSV's investment policies statement complies with the terms of this donation. At June 30, 2016 and 2015, the temporarily restricted balances were \$1,186,820 and \$1,115,743, respectively, and are included in the time restrictions in the schedule above.

NOTE 12 - NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restriction by NSV incurring expenses or the passage of time in accordance with donor-imposed restrictions:

	<u>2016</u>	<u>2015</u>
Satisfaction of Purpose Restrictions		
Recovery Housing	\$ 411,324	\$ 457,977
Patricia Handy Place for Women	679,817	-
Erna's House	353,584	379,319
Luther Place Night Shelter	234,394	167,384
Miriam's House	215,772	393,610
Capital Campaign	181,088	199,839
Permanent Supportive Housing	94,845	86,675
Education and Employment Center	84,630	5,654
Wellness Center	75,804	146,915
Bethany Women's Center	32,699	8,301
Other purposes	150,817	123,851
Total release of purpose restrictions	<u>2,514,774</u>	<u>1,969,525</u>
Satisfaction of Time Restriction	<u>68,445</u>	<u>58,557</u>
Total net assets released from restriction	<u>\$ 2,583,219</u>	<u>\$ 2,028,082</u>

NOTE 13 - HOUSING ASSISTANCE AGREEMENT

The District of Columbia Housing Authority contracted with MHLIC on March 10, 2016, to make housing assistance payments to the corporation on behalf of up to 20 qualified residents residing at the property at 1300 Florida Avenue, NW, through its Local Rent Supplement Program, under Title II of the Fiscal Year 2007 Budget Support Emergency Act of 2006. The initial contract term is for 15 years and expires on March 10, 2031. Subject to the availability of sufficient appropriated funds from the District of Columbia, the term of the contract will be automatically renewed for one five-year period, after which time MHLIC can request continued renewal of the contract.

NOTE 14 - PENSION PLAN

NSV has a 403(b) retirement plan that covers employees meeting certain eligibility requirements. NSV made no contributions and provide no matching funds to participants in the plan for the years ended June 30, 2016 and 2015.

NOTE 15 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at various financial institutions located in the Washington, DC metropolitan area and, at times, these balances may exceed the insured limits of the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). The Organization has not experienced any losses with respect to its balances in excess of FDIC or SIPC insurance. Management believes that there is no significant concentration of credit risk as a result of maintaining these accounts.

NOTE 16 - RISKS AND UNCERTAINTIES

NSV's invested assets consist of mutual funds and fixed income securities. These investments are exposed to various risks, such as interest rate risk, market risk, and credit risk. Market fluctuations could materially affect the fair value of investments reported in the consolidated statements of financial position. However, management believes that the diversification of NSV's invested assets among these various classes should mitigate the impact of any dramatic change on any one asset class.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Unemployment Self Insurance

NSV maintained a self-insurance program for its unemployment benefits through December 31, 2013. NSV is liable for unemployment benefits paid for successful unemployment claims originating prior to December 31, 2013. At June 30, 2016 and 2015, the Organization maintained unemployment reserves of \$3,474 and \$4,225, respectively, which are included in accrued salary and related expenses on the accompanying consolidated statements of financial position.

Construction Contracts

NSV Residential LLC entered into a construction agreement with Bozzuto Construction Inc. dated March 24, 2016. Of the total contract amount of \$6,069,342, costs incurred through June 30, 2016 total \$578,701. The amount payable of \$285,000 at June 30, 2016 is included in accounts payable and accrued expenses in the statement of financial position.

MHLLC entered into a construction agreement with Providence Construction Inc. dated July 9, 2015 for a total contract amount of \$1,118,471. At June 30, 2016, all contract costs have been incurred and paid in full.

Developer Fees

NSV entered into an agreement with NSV Residential LLC that provides for development fees of \$1,513,882 for services in connection with the development and supervision of construction for the renovation of the property at 1333 N Street/1301 14th Street. The fees are recognized on the percent complete method and payable from capital contributions and net cash flow of NSV Residential LLC, as defined in the Amended and Restated Operating Agreement dated March 24, 2016. The NSV developer fee has been eliminated in consolidation.

Construction Management Agreement

NSV Inc. entered into a Development and Construction Management Agreement with Joseph Development Inc. ("JDI") on April 1, 2013. JDI provides supervision and management for all development and construction activities for NSV Inc. for the MHLLC construction project with fees totaling \$194,500 and the NSV Residential LLC construction project with fees totaling \$508,250. The term of the agreement continues until such time as final completion is achieved on both projects. As of June 30, 2016, total fees for both MHLLC and NSV Residential LLC of \$327,642 were incurred and capitalized to construction in progress. Amounts due totaling \$75,385 at June 30, 2016 are reflected in accounts payable and accrued expenses on the statement of financial position.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (continued)

Property Management Agreements

NSV Inc. has a property management agreement with William C. Smith & Company to manage and operate the portion of the real property at 1333 N Street /1301 14th Street used for client services and administrative offices. The management fee is 4% of the collected effective gross income of the property. The agreement became effective on March 24, 2016 and is automatically renewed each year unless terminated by either party consistent with the terms of the agreement. During the year ended June 30, 2016, management fees totaling \$68,181 were charged to operations. No amount was due at June 30, 2016.

NSV Residential LLC has a property management agreement with William C. Smith & Company to manage and operate the portion of the real property at 1333 N Street/1301 14th Street owned by the NSV Residential LLC as a low-income tax credit property. The management fee is 6% of the collected effective gross income of the property. The agreement became effective on March 22, 2016 and is automatically renewed each year unless terminated by either party consistent with the terms of the agreement. During the year ended June 30, 2016, management fees totaling \$14,633 were charged to operations. No amount was due at June 30, 2016.

MHLLC has a property management agreement with William C. Smith & Company to manage and operate the real property at 1300 Florida Avenue. The management fee is 7% of the collected effective gross income of the property. The agreement became effective on March 1, 2016 and is automatically renewed each year unless terminated by either party consistent with the terms of the agreement. During the year ended June 30, 2016, management fees totaling \$6,000 were charged to operations. No amount was due at June 30, 2016.

Asset Management Agreement

NSV Residential LLC is obligated under the terms of Amended and Restated Operating Agreement dated March 24, 2016 between NSV Residential Managing Member LLC and the Investor Members ("Operating Agreement") to pay the special investment member a \$5,000 annual asset management fee commencing in the year of the Second Capital Contribution. The fee will increase annually by a percentage equal to the change in the Consumer Price Index and is payable from Net Cash Flow as defined in the Operating Agreement. During the year ended June 30, 2016, no asset management fees were incurred.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (continued)

Purchase Option and First Right of Refusal

The Operating Agreement provides NSV Inc. with a right of first refusal to purchase the property owned by NSV Residential LLC for a period beginning at the end of the fifteen year tax credit compliance period and ending 18 months thereafter. The price under the right of first refusal will be the sum of amounts sufficient to pay the indebtedness of NSV Residential LLC and all liabilities and taxes of the members of NSV Residential LLC upon its termination and liquidation as projected to occur immediately following the sale under the terms of the Operating Agreement. The Operating Agreement also provides NSV Inc. with an option to purchase either the property owned by NSV Residential LLC or the interest of the investor members in NSV Residential LLC for a period beginning at the end of the fifteen year tax credit compliance period and ending 18 months thereafter. The price under the option is the greater of the fair market value, as determined by appraisal, or the right of first refusal price.

NOTE 18 - GUARANTEES

In connection with the ongoing renovation of the property at 1333 N Street/1301 14th Street, NSV unconditionally guarantees the obligations of NSV Residential Managing Member LLC, and has agreed to maintain a minimum net worth of \$5,000,000 and minimum liquid assets of \$1,000,000. Obligations that are guaranteed include the following:

- Development Deficit Guaranty - The obligation to pay all Excess Development Costs as defined in the Operating Agreement. Up to \$200,000 will be treated as a loan. Any amounts in excess of \$200,000 will not be repaid. As of June 30, 2016, no advances have been made under this guaranty.
- Operating Deficit Guaranty - The obligation to provide funds to cover any Operating Deficit after Breakeven Operations and continuing for three years and until the Operating Reserve Minimum balance of \$542,143 has been achieved, as those terms are defined in the Operating Agreement. The Operating Deficit Guaranty is capped at \$983,025 and is a non-interest bearing loan. As of June 30, 2016, no advances have been made under this guarantee.

NOTE 18 – GUARANTEES (continued)

- Tax Credit Compliance – NSV Residential LLC has been allocated low-income housing credits that are contingent on its ability to maintain compliance with applicable provisions of Internal Revenue Code Section 42. Failure to maintain compliance with occupant eligibility and/or gross rent, or to correct noncompliance within a specified period of time could result in recapture of previously taken credits plus interest. Such potential noncompliance may require an adjustment to contributed capital by the investor member or may trigger the obligation to repurchase the investor member’s interest. As of June 30, 2016, no advances have been made under this guarantee.

NOTE 19 - SUBSEQUENT EVENTS

Management evaluated events and transactions subsequent to the consolidated statement of financial position date for potential recognition or disclosure through the independent auditors’ report date, the date the consolidated financial statements were available for issue. There were no events that require recognition or disclosure in the consolidated financial statements.

Supplementary Information

N Street Village, Inc. and Subsidiaries
Supplementary Information
Consolidating Statements of Financial Position
June 30, 2016

	N Street Village, Inc.	NSV Residential LLC	Miriam's House LLC	Eliminating Entries	Total
<u>ASSETS</u>					
Current Assets					
Cash and Cash Equivalents	\$ 5,003,232	\$ 678,186	\$ 159,289	\$ -	\$ 5,840,707
Grants Receivable	372,203	-	-	-	372,203
Pledges Receivable	2,005,054	-	-	-	2,005,054
Rent and Other Receivables	295,614	2,837	11,003	(279,031)	30,423
Prepaid Expenses	50,495	36,488	-	-	86,983
Total Current Assets	7,726,598	717,511	170,292	(279,031)	8,335,370
Noncurrent Assets					
Investments	1,702,626	-	-	-	1,702,626
Reserves and Escrows	52,092	-	-	-	52,092
Tenant Security Deposits	-	31,547	-	-	31,547
Land, Buildings, Furniture, Equipment, and Improvements, net	3,494,028	9,352,268	4,057,899	(480,516)	16,423,679
Trust Receivable	429,772	-	-	-	429,772
Notes Receivable from Subsidiaries	5,316,040	-	-	(5,316,040)	-
Due from Subsidiaries	3,646,839	-	-	(3,646,839)	-
Total Noncurrent Assets	14,641,397	9,383,815	4,057,899	(9,443,395)	18,639,716
Total Assets	\$ 22,367,995	\$10,101,326	\$ 4,228,191	\$ (9,722,426)	\$ 26,975,086

N Street Village, Inc. and Subsidiaries
Supplementary Information
Consolidating Statements of Financial Position (continued)
June 30, 2016

	<u>N Street Village, Inc.</u>	<u>NSV Residential LLC</u>	<u>Miriam's House LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities					
Accounts Payable and Accrued Expenses	\$ 247,875	\$ 664,860	\$ 8,605	\$ (279,031)	\$ 642,307
Accrued Salary and Related Expenses	249,455	5,130	851	-	255,436
Current Portion of Mortgages and Notes Payable	61,667	-	9,766	-	71,433
Tenant Security Deposits and Prepaid Rent	43,072	34,771	-	-	77,843
Total Current Liabilities	<u>602,067</u>	<u>704,761</u>	<u>19,222</u>	<u>(279,031)</u>	<u>1,047,019</u>
Noncurrent Liabilities					
Due to Luther Place Memorial Church, net of current portion	2,194,454	-	-	-	2,194,454
Mortgages and Notes Payable, net of current portion	49,891	3,172,931	791,968	-	4,014,790
Notes Payable to Subsidiaries	-	5,235,492	80,548	(5,316,040)	-
Due to Subsidiaries	-	683,179	2,963,660	(3,646,839)	-
Total Noncurrent Liabilities	<u>2,244,345</u>	<u>9,091,602</u>	<u>3,836,176</u>	<u>(8,962,879)</u>	<u>6,209,244</u>
Total Liabilities	<u>2,846,412</u>	<u>9,796,363</u>	<u>3,855,398</u>	<u>(9,241,910)</u>	<u>7,256,263</u>
Net Assets					
Unrestricted	12,187,258	(5)	372,793	(480,516)	12,079,530
Unrestricted – Board Designated	367,465	-	-	-	367,465
Unrestricted – Non-Controlling	-	304,968	-	-	304,968
Total Unrestricted Net Assets	<u>12,554,723</u>	<u>304,963</u>	<u>372,793</u>	<u>(480,516)</u>	<u>12,751,963</u>
Temporarily Restricted Net Assets	<u>6,966,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,966,860</u>
Total Net Assets	<u>19,521,583</u>	<u>304,963</u>	<u>372,793</u>	<u>(480,516)</u>	<u>19,718,823</u>
Total Liabilities and Net Assets	<u>\$ 22,367,995</u>	<u>\$10,101,326</u>	<u>\$ 4,228,191</u>	<u>\$ (9,722,426)</u>	<u>\$ 26,975,086</u>

**N Street Village, Inc. and Subsidiary
Supplementary Information
Consolidating Statements of Activities
June 30, 2016**

	<u>N Street Village, Inc.</u>	<u>NSV Residential LLC</u>	<u>Miriam's House LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
Revenue and Support					
Grants and Contributions	\$ 4,041,809	\$ -	\$ -	\$ -	\$ 4,041,809
Rental and Service Fee Income	1,105,030	245,551	16,802	-	1,367,383
Government Contracts and Grants	1,667,501	-	336,000	-	2,003,501
Special Event Revenue, net of benefit to attendees of \$175,172	905,638	-	-	-	905,638
In-Kind contributions	365,807	-	-	-	365,807
Forgiveness of Debt	30,000	-	-	-	30,000
Other Revenue	450,808	2,419	119,614	(484,856)	87,985
Total Revenue and Support	<u>8,566,593</u>	<u>247,970</u>	<u>472,416</u>	<u>(484,856)</u>	<u>8,802,123</u>
Expenses					
Program Services	4,862,752	300,627	99,259	(60,969)	5,201,669
Management and General	1,021,638	-	-	-	1,021,638
Fundraising	818,849	-	-	-	818,849
Total Expenses	<u>6,703,239</u>	<u>300,627</u>	<u>99,259</u>	<u>(60,969)</u>	<u>7,042,156</u>
Change in Net Assets Before Non-Operational Activities and Non-Controlling Interest in Net Assets of Subsidiary	1,863,354	(52,657)	373,157	(423,887)	1,759,967
Non-Operating Activity					
Change in Value of Trust	(14,510)	-	-	-	(14,510)
Investment and Interest Income	93,321	-	-	(56,629)	36,692
Realized Gain on Investments	66,664	-	-	-	66,664
Unrealized Gain on Investments	(96,400)	-	-	-	(96,400)
Loss on Sale of Assets	(3,315,114)	-	-	-	(3,315,114)
Total Non-Operating Activity	<u>(3,266,039)</u>	<u>-</u>	<u>-</u>	<u>(56,629)</u>	<u>(3,322,668)</u>
Change in Net Assets Before Non-Controlling Interest in Net Assets of Subsidiary	(1,402,685)	(52,657)	373,157	(480,516)	(1,562,701)
Change in Non-Controlling Interest in Net Assets of Subsidiary	-	(52,652)	-	-	(52,652)
Change in Net Assets	<u>\$ (1,402,685)</u>	<u>\$ (5)</u>	<u>\$ 373,157</u>	<u>\$ (480,516)</u>	<u>\$ (1,510,049)</u>

N Street Village, Inc. and Subsidiaries
Supplementary Information
Consolidating Statements of Financial Position
June 30, 2015

	<u>N Street Village, Inc.</u>	<u>N Street Village, LP</u>	<u>Miriam's House LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
<u>ASSETS</u>					
Current Assets					
Cash and Cash Equivalents	\$ 3,934,274	\$ -	\$ 20,540	\$ -	\$ 3,954,814
Grants Receivable	277,150	-	-	-	277,150
Pledges Receivable	1,554,236	-	-	-	1,554,236
Rent and Other Receivables	16,900	-	-	-	16,900
Prepaid Expenses	33,440	-	-	-	33,440
Total Current Assets	<u>5,816,000</u>	<u>-</u>	<u>20,540</u>	<u>-</u>	<u>5,836,540</u>
Noncurrent Assets					
Investments	1,747,267	-	-	-	1,747,267
Reserves and Escrows	49,389	-	-	-	49,389
Tenant Security Deposits	31,648	-	-	-	31,648
Land, Buildings, Furniture, Equipment, and Improvements, net	17,082,460	-	-	-	17,082,460
Trust Receivable	444,282	-	-	-	444,282
Due from Subsidiaries	20,905	-	-	(20,905)	-
Total Noncurrent Assets	<u>19,375,951</u>	<u>-</u>	<u>-</u>	<u>(20,905)</u>	<u>19,355,046</u>
 Total Assets	 <u>\$25,191,951</u>	 <u>\$ -</u>	 <u>\$ 20,540</u>	 <u>\$ (20,905)</u>	 <u>\$25,191,586</u>

N Street Village, Inc. and Subsidiaries
Supplementary Information
Consolidating Statements of Financial Position (continued)
June 30, 2015

	<u>N Street Village, Inc.</u>	<u>N Street Village, LP</u>	<u>Miriam's House LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities					
Accounts Payable and Accrued Expenses	\$ 248,249	\$ -	\$ -	\$ -	\$ 248,249
Accrued Salary and Related Expenses	88,730	-	-	-	88,730
Current Portion of Mortgages and Notes Payable	1,571,145	-	-	-	1,571,145
Tenant Security Deposits and Prepaid Rent	40,276	-	-	-	40,276
Total Current Liabilities	<u>1,948,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,948,400</u>
Noncurrent Liabilities					
Due to Luther Place Memorial Church, net of current portion	2,145,000	-	-	-	2,145,000
Mortgages and Notes Payable, net of current portion	174,282	-	-	-	174,282
Due to Subsidiaries	-	-	20,905	(20,905)	-
Total Noncurrent Liabilities	<u>2,319,282</u>	<u>-</u>	<u>20,905</u>	<u>(20,905)</u>	<u>2,319,282</u>
Total Liabilities	<u>4,267,682</u>	<u>-</u>	<u>20,905</u>	<u>(20,905)</u>	<u>4,267,682</u>
Net Assets					
Unrestricted	14,898,805	-	(365)	-	14,898,440
Unrestricted – Board Designated	367,465	-	-	-	367,465
Unrestricted – Non-Controlling	-	-	-	-	-
Total Unrestricted Net Assets	<u>15,266,270</u>	<u>-</u>	<u>(365)</u>	<u>-</u>	<u>15,265,905</u>
Temporarily Restricted Net Assets	<u>5,657,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,657,999</u>
Total Net Assets	<u>20,924,269</u>	<u>-</u>	<u>(365)</u>	<u>-</u>	<u>20,923,904</u>
Total Liabilities and Net Assets	<u>\$25,191,951</u>	<u>\$ -</u>	<u>\$ 20,540</u>	<u>\$ (20,905)</u>	<u>\$25,191,586</u>

N Street Village, Inc. and Subsidiaries
Supplementary Information
Consolidating Statements of Activities
June 30, 2015

	<u>N Street Village, Inc.</u>	<u>N Street Village, LP</u>	<u>Miriam's House LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
Revenue and Support					
Grants and Contributions	\$ 3,819,378	\$ -	\$ -	\$ -	\$ 3,819,378
Rental and Service Fee Income	736,900	682,381	-	(192,000)	1,227,281
Government Contracts and Grants	1,484,982	-	-	-	1,484,982
Special Event Revenue, net of benefit to attendees of \$155,144	657,085	-	-	-	657,085
In-Kind Contributions	500,328	-	-	-	500,328
Forgiveness of Debt	30,000	5,422,825	-	(5,422,825)	30,000
Other Revenue	71,464	750	-	-	72,214
Total Revenue and Support	<u>7,300,137</u>	<u>6,105,956</u>	<u>-</u>	<u>(5,614,825)</u>	<u>7,791,268</u>
Expenses					
Program Services	3,515,900	875,906	365	(211,972)	4,180,199
Management and General	1,110,299	-	-	-	1,110,299
Fundraising	754,549	-	-	-	754,549
Total Expenses	<u>5,380,748</u>	<u>875,906</u>	<u>365</u>	<u>(211,972)</u>	<u>6,045,047</u>
Change in Net Assets Before Non-Operational Activities and Non-Controlling Interest in Net Assets of Subsidiary	1,919,389	5,230,050	(365)	(5,402,853)	1,746,221
Non-Operating Activity					
Change in Value of Trust	(20,433)	-	-	-	(20,433)
Investment and Interest Income	23,430	138	-	-	23,568
Realized Gain on Investments	84,114	-	-	-	84,114
Unrealized Gain on Investments	(39,265)	-	-	-	(39,265)
Interest Income from Subsidiary	19,972	-	-	(19,972)	-
Gain (Loss) on Investment in Subsidiary	(12,907,376)	-	-	12,907,376	-
Total Non-Operating Activity	<u>(12,839,558)</u>	<u>138</u>	<u>-</u>	<u>12,887,404</u>	<u>47,984</u>
Change in Net Assets Before Non-Controlling Interest in Net Assets of Subsidiary	(10,920,169)	5,230,188	(365)	7,484,551	1,794,205
Change in Non-Controlling Interest in Net Assets of Subsidiary	-	-	-	234,452	234,452
Change in Net Assets	<u><u>\$(10,920,169)</u></u>	<u><u>\$ 5,230,188</u></u>	<u><u>\$ (365)</u></u>	<u><u>\$ 7,719,003</u></u>	<u><u>\$ 2,028,657</u></u>

Note: Depreciation totals \$273,346 and \$246,347 for NSV and NSVLP, respectively.