

N Street Village, Inc. & Subsidiaries

Consolidated Financial Statements

For the Years Ended June 30, 2023 and 2022

N Street Village, Inc. & Subsidiaries

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Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of N Street Village, Inc. & Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of N Street Village, Inc. & Subsidiaries as of June 30, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of N Street Village, Inc. & Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about N Street Village, Inc. & Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations 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 consolidating 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

SC+H attest services, P.C.

Sparks, Maryland
March 20, 2024

N Street Village, Inc. & Subsidiaries

Consolidated Statements of Financial Position

As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 4,876,759	\$ 5,435,144
Cash and cash equivalents - NSV internal reserves	4,531,933	4,274,161
Grants receivable	1,356,560	626,446
Pledges receivable, net of allowance for doubtful accounts of \$160,000 - 2023 and \$0 - 2022	198,070	302,500
Tenant and other receivables	67,286	244,205
Prepaid expenses	103,135	41,943
Investments	<u>3,710,649</u>	<u>3,362,524</u>
Total current assets	<u>14,844,392</u>	<u>14,286,923</u>
Noncurrent assets		
Reserves and escrows	1,153,302	1,176,550
Tenant security deposits	33,382	33,047
Property and equipment, net of accumulated depreciation of \$9,173,391 - 2023 and \$8,213,365 - 2022	22,370,483	23,168,085
Tax credit fees, net of accumulated amortization of \$21,945 - 2023 and \$18,918 - 2022	<u>23,455</u>	<u>26,482</u>
Total noncurrent assets	<u>23,580,622</u>	<u>24,404,164</u>
Total assets	<u>\$ 38,425,014</u>	<u>\$ 38,691,087</u>

See independent auditor's report and notes to consolidated financial statements.

N Street Village, Inc. & Subsidiaries

Consolidated Statements of Financial Position (Continued)

As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 603,848	\$ 685,660
Accrued salaries and related expenses	208,362	169,914
Mortgages and notes payable, current portion	87,743	84,308
Tenant security deposits and prepaid rent	213,628	202,677
Total current liabilities	<u>1,113,581</u>	<u>1,142,559</u>
Noncurrent liabilities		
Mortgages and notes payable, net of current portion and unamortized financing fees of \$178,443 - 2023 and \$186,286 - 2022	<u>9,022,825</u>	<u>9,060,726</u>
Total noncurrent liabilities	<u>9,022,825</u>	<u>9,060,726</u>
Total liabilities	<u>10,136,406</u>	<u>10,203,285</u>
Commitments and contingencies (Note 16 and 17)		
Net assets		
Net assets without donor restrictions		
Net assets without donor restrictions - controlling	24,806,610	24,583,746
Net assets without donor restrictions - board designated	3,010,371	2,670,620
Net assets without donor restrictions - noncontrolling	470,872	1,213,629
Total net assets without donor restrictions	28,287,853	28,467,995
Net assets with donor restrictions	<u>755</u>	<u>19,807</u>
Total net assets	<u>28,288,608</u>	<u>28,487,802</u>
Total liabilities and net assets	<u>\$ 38,425,014</u>	<u>\$ 38,691,087</u>

See independent auditor's report and notes to consolidated financial statements.

N Street Village, Inc. & Subsidiaries

Consolidated Statements of Activities
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and support						
Grants and contributions	\$ 3,048,314	\$ 57,500	\$ 3,105,814	\$ 5,043,665	\$ 179,250	\$ 5,222,915
Rental and service fee income	1,974,678	-	1,974,678	2,019,589	-	2,019,589
Government contracts and grants	203,347	4,576,358	4,779,705	-	4,263,191	4,263,191
Special events revenue, net of benefit to attendees of \$556,666 - 2023 and \$467,751 - 2022	2,010,681	-	2,010,681	1,294,020	-	1,294,020
In-kind contributions	176,535	-	176,535	170,290	-	170,290
Debt forgiveness income	-	-	-	70,511	-	70,511
Other revenue	25,683	-	25,683	13,547	-	13,547
Net assets released from restriction	4,652,910	(4,652,910)	-	5,015,540	(5,015,540)	-
Total revenue and support	12,092,148	(19,052)	12,073,096	13,627,162	(573,099)	13,054,063
Expenses						
Program services	10,510,741	-	10,510,741	10,469,184	-	10,469,184
Management and general	995,990	-	995,990	809,119	-	809,119
Fundraising	1,270,022	-	1,270,022	1,123,524	-	1,123,524
Total expenses	12,776,753	-	12,776,753	12,401,827	-	12,401,827
Change in net assets before non-operational activities and noncontrolling interest in net assets of a subsidiary	(684,605)	(19,052)	(703,657)	1,225,335	(573,099)	652,236
Non-operational activity						
Investment and interest income	155,650	-	155,650	44,355	-	44,355
Investment gain (loss)	348,813	-	348,813	(845,867)	-	(845,867)
Total non-operational activity	504,463	-	504,463	(801,512)	-	(801,512)
Change in net assets	(180,142)	(19,052)	(199,194)	423,823	(573,099)	(149,276)
Less: change in net assets - noncontrolling	742,757	-	742,757	820,507	-	820,507
Change in net assets - controlling and board designated	\$ 562,615	\$ (19,052)	\$ 543,563	\$ 1,244,330	\$ (573,099)	\$ 671,231

See independent auditor's report and notes to consolidated financial statements.

N Street Village, Inc. & Subsidiaries

Consolidated Statements of Functional Expenses
For the Years Ended June 30, 2023 and 2022

	2023				2022			
	Programs	Management and general	Fundraising	Total expenses	Programs	Management and general	Fundraising	Total expenses
Wages and fringe benefits	\$ 6,625,882	\$ 448,847	\$ 619,084	\$ 7,693,813	\$ 6,134,578	\$ 409,884	\$ 483,208	\$ 7,027,670
Professional fees and consulting	780,055	248,504	287,235	1,315,794	1,408,082	105,377	380,264	1,893,723
Depreciation and amortization	872,185	32,563	58,305	963,053	879,665	26,035	53,083	958,783
Occupancy and utilities	794,719	57,921	55,984	908,624	755,298	57,800	55,926	869,024
Maintenance services	492,091	9	17	492,117	448,180	-	-	448,180
Interest	285,088	5,460	5,569	296,117	264,155	42,000	-	306,155
Food and resident needs	274,623	3	408	275,034	186,291	2,614	1,762	190,667
Insurance, licenses and taxes	209,310	8,256	1,064	218,630	177,643	9,136	14,956	201,735
Bad debt	24,149	-	160,000	184,149	16,475	-	-	16,475
Donated goods and services	28,429	148,106	-	176,535	34,584	135,706	-	170,290
Supplies, equipment and software	53,721	33,371	11,649	98,741	76,258	7,749	26,539	110,546
Other	54,669	6,995	10,192	71,856	67,240	6,516	13,797	87,553
Credit card and other financial fees	177	4,490	36,176	40,843	333	5,711	39,861	45,905
Printing, postage and publications	518	1,373	24,302	26,193	1,593	591	51,033	53,217
Tax credit compliance	15,106	-	-	15,106	18,809	-	-	18,809
Meetings and conferences	19	92	37	148	-	-	3,095	3,095
	<u>\$10,510,741</u>	<u>\$ 995,990</u>	<u>\$ 1,270,022</u>	<u>\$12,776,753</u>	<u>\$10,469,184</u>	<u>\$ 809,119</u>	<u>\$ 1,123,524</u>	<u>\$12,401,827</u>

See independent auditor's report and notes to consolidated financial statements.

N Street Village, Inc. & Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

	Without donor restrictions			Total without donor restrictions	With donor restrictions - controlling	Total
	Controlling	Board designated	Noncontrolling			
Net assets, June 30, 2021	\$ 22,792,950	\$ 3,217,086	\$ 2,034,136	\$ 28,044,172	\$ 592,906	\$ 28,637,078
Transfer from board designated	546,466	(546,466)	-	-	-	-
Change in net assets for the year ended June 30, 2022	<u>1,244,330</u>	<u>-</u>	<u>(820,507)</u>	<u>423,823</u>	<u>(573,099)</u>	<u>(149,276)</u>
Net assets, June 30, 2022	24,583,746	2,670,620	1,213,629	28,467,995	19,807	28,487,802
Transfer to board designated	(339,751)	339,751	-	-	-	-
Change in net assets for the year ended June 30, 2023	<u>562,615</u>	<u>-</u>	<u>(742,757)</u>	<u>(180,142)</u>	<u>(19,052)</u>	<u>(199,194)</u>
Net assets, June 30, 2023	<u>\$ 24,806,610</u>	<u>\$ 3,010,371</u>	<u>\$ 470,872</u>	<u>\$ 28,287,853</u>	<u>\$ 755</u>	<u>\$ 28,288,608</u>

See independent auditor's report and notes to consolidated financial statements.

N Street Village, Inc. & Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Consolidated cash flows from operating activities		
Change in net assets	\$ (199,194)	\$ (149,276)
Adjustments to reconcile change in net assets to net cash, cash equivalents and restricted cash provided by operating activities:		
Depreciation and amortization	963,053	958,783
Amortization of financing fees	7,843	7,844
Investment (gain) loss	(348,813)	883,213
Debt forgiveness	-	(29,107)
Bad debt	184,149	16,475
(Increase) decrease in operating assets:		
Grants receivable	(730,114)	33,078
Pledges receivable	(55,570)	66,050
Tenant and other receivables	152,770	(180,136)
Prepaid expenses	(61,192)	(6,013)
Trust receivable	-	470,499
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(81,812)	317,059
Accrued salaries and related expenses	38,448	(580,004)
Tenant security deposits and prepaid rents	10,951	33,492
	<u> </u>	<u> </u>
Net cash, cash equivalents and restricted cash provided by (used in) operating activities	<u>(119,481)</u>	<u>1,841,957</u>
Consolidated cash flows from investing activities		
Change in investments	688	(37,526)
Acquisition of property and equipment	<u>(162,424)</u>	<u>(74,008)</u>
	<u> </u>	<u> </u>
Net cash, cash equivalents and restricted cash used in investing activities	<u>(161,736)</u>	<u>(111,534)</u>

See independent auditor's report and notes to consolidated financial statements.

N Street Village, Inc. & Subsidiaries

Consolidated Statements of Cash Flows (Continued)
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Consolidated cash flows from financing activities		
Accrued interest	\$ 42,000	\$ 42,000
Principal payments on mortgages and notes payable	<u>(84,309)</u>	<u>(86,266)</u>
Net cash, cash equivalents and restricted cash used in financing activities	<u>(42,309)</u>	<u>(44,266)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(323,526)	1,686,157
Cash, cash equivalents and restricted cash, beginning of year	<u>10,918,902</u>	<u>9,232,745</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 10,595,376</u>	<u>\$ 10,918,902</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 163,325</u>	<u>\$ 167,688</u>
The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts presented in cash, cash equivalents and restricted cash, end of year, above:		
Cash and cash equivalents	\$ 4,876,759	\$ 5,435,144
Cash and cash equivalents - NSV internal reserves	4,531,933	4,274,161
Reserves and escrows	1,153,302	1,176,550
Tenant security deposits	<u>33,382</u>	<u>33,047</u>
Total cash, cash equivalents and restricted cash, end of year	<u>\$ 10,595,376</u>	<u>\$ 10,918,902</u>

See independent auditor's report and notes to consolidated financial statements.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1) Nature of Business and Summary of Significant Accounting Policies

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. NSV’s flagship location is in Northwest DC, as are a great deal of its legacy programs. However, as NSV has evolved over the years, it has expanded its services to seven permanent locations across four wards of DC.

- **1333 N Street/1301 14th Street** - Our 150,000 square foot flagship building provides 44 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 supportive employment beds in 2 large apartments for individuals seeking employment or currently employed; 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.
- **1300 Florida Avenue** - NSV owns and operates the Miriam’s House program that provides housing and services for 25 women living with HIV and AIDS.
- **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.
- **1009 11th 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 (services are temporarily suspended due to building renovations).
- **901 Rhode Island Avenue** - Under a contract with the District of Columbia in November 2016, NSV began providing case management services for up to 42 previously homeless women at the historic Phyllis Wheatley YWCA.
- **810 New Jersey Avenue** - NSV provides onsite case management services for 21 chronically homeless women at Capitol Vista, a property privately owned and operated.
- **2619 Bladensburg Road** - NSV delivers onsite case management services to residents in 42 units of permanent supportive housing, including 6 units for families at Diane’s House, a property privately owned and operated.
- **2210 Adams Pl NE** – During the year ended June 30, 2023, NSV was asked by the District of Columbia to operate a Hypothermia Program at Eve’s Place, providing 40 beds for women during the hypothermia season. Hypothermia Programs are designed to provide safe and secure temporary housing support to address an immediate need for homeless adult women who would otherwise be living in environments not meant for human tenancy during life threatening temperatures. Hypothermia contracts are awarded by the District one year at a time and to date, NSV has been offered contracts and operated Hypothermia Programs during the years ended June 30, 2021 through 2023.

See independent auditor’s report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Nature of Business (Continued)

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 and a dentist; health education, disease management, exercise, and nutrition classes; smoking cessation programs; massage; and more. Greenhouse provides support to women with substance use disorders that have the desire to reduce or eliminate the use of drugs/alcohol. Marj and Mak Vocational Center provides women with access to job seeking, job training, education, and financial capability services. NSV finds that client outcomes improve by providing comprehensive supportive services like these co-located with housing.

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 and MHLLC are jointly referred to as "the Organization."

NSV depends on the support of individual donors, foundations, corporations, and other organizations to fund approximately 50% of the cost of providing its services during the year ended June 30, 2023. NSV received approximately 33% of its revenue from government grants and contracts for the year ended June 30, 2023. NSV received approximately 15% of its revenue from rental and service fee income for the year ended June 30, 2023.

Principles of Consolidation

The financial statements have been presented on a consolidated basis due to the presence of common control between the entities. The consolidated financial statements include the activities of NSV, MHLLC and NSV Residential LLC (hereafter referred to as the Organization). All significant transactions and balances between the entities have been eliminated in consolidation.

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.

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization are classified in the following two classes:

Net assets with donor restrictions consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Net assets without donor restrictions represents funds that are available for support of the operations of the Organization, and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

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. Actual results could differ from those estimates.

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, 2023 and 2022, the Organization's investment portfolio contains cash balances of \$4,531,933 and \$4,274,161, respectively, which are included in cash and cash equivalents – NSV internal reserves on the accompanying consolidated statements of financial position.

Grants and Pledges Receivable

Grants and pledges receivable are stated at net realizable value. The organization records an allowance for estimated uncollectible grants and pledges in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appear doubtful. In the opinion of management, all grants receivable outstanding are considered collectible, based on review of historical collections. Accordingly, an allowance for doubtful accounts has not been recorded. The allowance for doubtful pledges receivable was \$160,000 and \$0 as of June 30, 2023 and 2022, respectively.

Receivables and Bad Debts

Tenant and other receivables 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.

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Property and Equipment

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 15 - 40 years for buildings and improvements, 20 years for land improvements, and 3-7 years for furniture, fixtures and equipment.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount 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 as of June 30, 2023 and 2022.

Intangible Assets and Amortization

Tax credit monitoring fees are being amortized using the straight-line method over the 15-year tax credit compliance period. Amortization expense for the years ended June 30, 2023 and 2022 was \$3,027 for each year. The estimated amortization expense related to the tax credit monitoring fees for each of the next five years is \$3,027 per year.

Interest

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 835, *Interest*, which states that debt issuance costs related to a note shall be reported on the consolidated statements of financial position as a direct deduction from the face amount of that note, and any amortization of debt issuance costs shall be reported as interest expense. Accordingly, the Organization is reporting loan fees related to its mortgages and notes payable as a direct deduction from the principal balance of the debt, and is reporting amortization of the loan fees as interest expense on the debt. See Note 9 for additional information.

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.

Fair Value of Financial Instruments

The Organization has adopted ASC 820, *Fair Value Measurement*. 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

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N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

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:

- (i) Level 1 – observable inputs such as quoted prices in active markets;
- (ii) Level 2 – inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- (iii) 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 four groups as follows:

- Net assets without donor restrictions – controlling - revenues and contributions received without donor-imposed or board designated restrictions and income/(loss) attributable to the managing member’s interest in NSV Residential LLC. These net assets are available for the operations of the Organization.
- Net assets without donor restrictions – board designated – funds set aside by the board of directors as an internal reserve for NSV operations. The Organization designated a quasi-endowment for the purpose of strategic or capital investment. Assets, income and capital gains are not to be used for routine operating expenses, but the quasi-endowment would provide a secondary source of liquidity in the event of a financial emergency.
- Net assets with donor restrictions - controlling – revenue and contributions subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time or maintained in perpetuity by NSV. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and change in net assets as net assets released from restrictions.
- Net assets without donor restrictions – noncontrolling – 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 investor member equity interest in NSV Residential LLC is included in the consolidated financial statements.

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, 2023 and 2022, the Organization received in-kind donations of professional services and other goods valued at \$176,535 and \$170,290, respectively, which are reported as in-kind donations in the accompanying consolidated statements of activities. During the years ended June 30, 2023 and 2022, the Organization also received approximately 1,978 and 2,082 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.

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N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

NSV earns revenue from charitable donations from both corporations and individuals. All donations are considered contributions rather than contracts as commensurate value is not received by the donors. All donations received are unconditional in nature and are recognized as revenue when pledged. Donations are received both with and without donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

All grants are considered contributions rather than contracts as commensurate value is not received by the grantors. Grants received are both conditional and unconditional in nature. Revenue from conditional grants is recognized as the barriers established in the grant agreements are achieved. Revenue from unconditional grants is recognized when pledged. Grants are received both with and without donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

Special event revenue is considered contributions rather than contracts as commensurate value is not received by the attendees. Special event revenue is recognized net of benefits to attendees. All donations received in connection with special events are unconditional in nature and are recognized as revenue when pledged.

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.

Advertising Costs

Advertising costs are charged to operations when incurred and totaled \$4,182 and \$3,315, respectively, for the years ended June 30, 2023 and 2022.

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, 2023 and 2022. 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.

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

1) Nature of Business and Summary of Significant Accounting Policies (Continued)

Noncontrolling Interest

Net assets without donor restrictions - noncontrolling on the accompanying consolidated statements of financial position represents the aggregate balance of the investor member's equity interest in NSV Residential LLC. Net assets as of June 30, 2023 and 2022 includes the investor member's equity balance of \$470,872 and \$1,213,629, respectively.

Reclassifications

Reclassifications have been made to the prior year balances to conform to current year presentation. These reclassifications had no impact on prior year net assets or change in net assets.

2) Recently Issued Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, which aims to address accounting consequences that could result from the global markets' anticipated transition away from the use of the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for those hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848)*, which defers the sunset date of ASU 2020-04, *Reference Rate Reform (Topic 848)* from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in ASU 2020-04, *Reference Rate Reform (Topic 848)*. The Organization is currently evaluating the timing of its adoption and the impact of adopting ASU 2020-04 and ASU 2022-06 on its consolidated financial statements.

3) Liquidity Analysis

As of June 30, 2023, the Organization has \$4,944,045 of current assets available to meet needs for general expenditures consisting of cash and cash equivalents of \$4,876,759 and tenant and other receivables of \$67,286. As of June 30, 2022, the Organization had \$5,679,349 of current assets available to meet needs for general expenditures consisting of cash and cash equivalents of \$5,435,144 and tenant and other receivables of \$244,205. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months.

The Organization manages its liquidity by developing annual operating budgets, utilizing monthly cash flow projections and designating board reserves for specific and unanticipated needs. These disciplines ensure that sufficient funds are available for general expenditures as liabilities and obligations come due. As part of the Organization's liquidity management plan, excess cash is designated by the board to deposit in investment operating reserves. In general, the Organization aims to maintain sufficient financial assets on hand to meet at least two months worth of operating expenses.

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

4) Reserves and Escrows Required by Lender and Operating Agreements

Reserves and escrows as of June 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Replacement reserve	\$ 443,926	\$ 452,250
Operating deficit reserve	433,049	433,028
Debt service reserve	127,601	127,595
Insurance escrow	72,238	87,234
Client escrow accounts	33,576	33,532
Bond reserve	24,122	24,122
Transition reserve	<u>18,790</u>	<u>18,789</u>
Total reserves and escrows	<u>\$ 1,153,302</u>	<u>\$ 1,176,550</u>

5) Investments

The Organization follows ASC 820 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 increase or decreases in net assets.

The following table details the Organization's marketable debt and equity securities at fair value as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 3,691,430	\$ 3,343,093
Fixed income securities	18,621	19,209
Equities	<u>598</u>	<u>222</u>
Total	<u>\$ 3,710,649</u>	<u>\$ 3,362,524</u>

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N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

6) Property and Equipment

Property and Equipment as of June 30, 2023 and 2022 consisted of the following:

	Useful lives	2023	2022
Building and improvements	15 - 40 years	\$ 26,385,869	\$ 26,291,017
Land	N/A	2,540,127	2,540,127
Land improvements	20 years	1,512,569	1,512,569
Furniture and equipment	3 - 7 years	1,105,309	1,037,737
		<u>31,543,874</u>	<u>31,381,450</u>
Less accumulated depreciation		<u>(9,173,391)</u>	<u>(8,213,365)</u>
Total		<u>\$ 22,370,483</u>	<u>\$ 23,168,085</u>

7) Trust Receivable

NSV was a beneficiary of a charitable remainder trust which was held and managed by a third party. The trust's fair value was measured on a recurring basis based on current market expectations about the future receivable (Level 3). During the year ended June 30, 2022, the trust was liquidated. At the time of liquidation \$804,994 was received of which \$397,495 was recognized as contribution income and is included in grant and contributions on the accompanying consolidated statements of activities.

8) 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. There were no borrowings on the line of credit as of June 30, 2023 and 2022. The line matures on May 20, 2024 with an option to renew.

9) Mortgages and Notes Payable

Mortgages, loans and notes payable consisted of the following at June 30, 2023 and 2022:

	2023	2022
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	\$ 743,464

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

9) Mortgages and Notes Payable (Continued)

	<u>2023</u>	<u>2022</u>
<p>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 were not-interest bearing. NSV refinanced the note payable to LPMC on December 30, 2014 with a principal balance of \$2,100,000. The note bears interest at a rate of 2% per annum and payable upon maturity on December 31, 2025. The note may be extended for an additional 5-year period. Interest of \$42,000 was incurred for the years ending June 30, 2023 and 2022.</p>	2,487,000	2,445,000
<p>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 was short-term, bore interest at LIBOR plus 2.25% and matured 24 months after initial closing. On December 12, 2017 (the conversion date) the short-term bonds were paid off, replaced with permanent bonds totaling \$4,000,000 that bear interest at 4% per annum for the first 17 years, after which interest will reset to the greater of 4% or LIBOR (originally set at LIBOR and pending rate index substitution at the lenders direction) plus 2.25%. Beginning on the conversion date, the loan will be payable in equal monthly installments of principal and interest based on a 30 year amortization schedule. The outstanding balance of the loan is subject to repayment in full on the 17th anniversary of the conversion date. The loan is secured by a deed of trust, assignment of rents and security agreement. Accrued interest as of June 30, 2023 and 2022 is \$11,943 and \$12,199, respectively. Interest expense of \$170,770 and \$174,819 was incurred during the years ended June 30, 2023 and 2022, respectively, which includes amortized financing fees of \$7,843 and \$7,844, respectively, and bond fees of \$18,332 and \$19,663, respectively.</p>	3,575,325	3,659,634

See independent auditor’s report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

9) Mortgages and Notes Payable (Continued)

	<u>2023</u>	<u>2022</u>
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, December 2016. Beginning May 1, 2018, payments are due annually from NSV Residential LLC's Available Cash Flow, as defined in the loan agreement. Accrued interest as of June 30, 2023 and 2022 is \$378,377 and \$295,030, respectively. Interest expense of \$83,347 and \$89,336 was incurred during the years ended June 30, 2023 and 2022, respectively.		
	<u>2,483,222</u>	<u>2,483,222</u>
Total mortgages and notes payable	9,289,011	9,331,320
Less: current portion of mortgages and notes payable	(87,743)	(84,308)
Less: unamortized financing fees	<u>(178,443)</u>	<u>(186,286)</u>
Mortgages and notes payable, net of current portion and unamortized financing fees	<u>\$ 9,022,825</u>	<u>\$ 9,060,726</u>

Total interest expense on mortgages and notes payable for the years ended June 30, 2023 and 2022 was \$296,117 and \$306,155, respectively, which includes amortized financing fees of \$7,843 and \$7,844, respectively, and bond fees of \$18,332 and \$19,663, respectively.

Maturities of the mortgages and notes payable for the ensuing five years ending June 30 and thereafter are as follows:

2024	\$ 87,743
2025	91,318
2026	2,582,039
2027	98,911
2028	102,940
Thereafter	<u>6,326,060</u>
Total mortgages and notes payable	<u>\$ 9,289,011</u>

Estimated financing fees being amortized to interest expense over the next five years is \$7,844 per year.

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

10) Net Assets with Donor Restrictions

The components of net assets with donor restrictions as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Purpose restrictions		
Other purposes	\$ 755	\$ 19,807
Total net assets with donor restrictions	<u>\$ 755</u>	<u>\$ 19,807</u>

11) Net Assets Released from Restrictions

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

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions		
Patricia Handy Place for Women	\$ 2,071,021	\$ 2,337,484
Recovery Housing	774,575	416,178
Eve's Place	674,060	47,568
Erna's House	316,989	385,451
Other purposes	275,278	369,889
Phyllis Wheatley YWCA	167,464	209,083
Miriam's House	146,487	146,252
Diane's House	143,576	178,829
Permanent supportive housing	56,908	71,766
Bethany Women's Center	19,052	130,948
Wellness Center	7,500	1,000
Sherwood Emergency Shelter	-	235,593
Education and Employment Center	-	15,000
Total release of purpose restrictions	4,652,910	4,545,041
Satisfaction of time restriction	-	470,499
Total net assets released from restriction	<u>\$ 4,652,910</u>	<u>\$ 5,015,540</u>

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

12) Housing Assistance Agreement

The District of Columbia Housing Authority contracted with MHLLC 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 MHLLC can request continued renewal of the contract.

The District of Columbia Housing Authority contracted with NSV Residential LLC on December 29, 2016, to make housing assistance payments to the company on behalf of up to 37 qualified residents residing at the property at 1333 N Street/1301 14th Street, 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 December 31, 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 NSV Residential LLC can request continued renewal of the contract.

13) Retirement Plan

NSV has a 403(b) retirement plan that covers employees meeting certain eligibility requirements. During the years ended June 30, 2023 and 2022, NSV provided matching funds of \$28,757 and \$35,773, respectively, to participants in the plan.

14) 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.

15) Risks and Uncertainties

NSV's invested assets consist of mutual funds, fixed income securities and equities. 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 three asset classes should mitigate the impact of any dramatic change on any asset class.

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

16) Commitments and Contingencies

Property Management Agreements

NSV has a property management agreement with William C. Smith & Company (WC Smith) 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 years ended June 30, 2023 and 2022, management fees totaling \$16,276 and \$16,424, respectively, were charged to operations and are included in professional fees and consulting on the accompanying consolidated statements of functional expenses. No amounts were payable at June 30, 2023 and 2022.

NSV Residential LLC has a property management agreement with WC Smith 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 years ended June 30, 2023 and 2022, management fees totaling \$85,090 and \$83,048, respectively, were charged to operations and are included in professional fees and consulting on the accompanying consolidated statements of functional expenses. No amounts were payable as of June 30, 2023 and 2022.

MHLLC has a property management agreement with WC Smith 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 years ended June 30, 2023 and 2022, management fees totaling \$13,845 and \$16,428, respectively, were charged to operations and are included in professional fees and consulting on the accompanying consolidated statements of functional expenses. No amounts were payable as of June 30, 2023 and 2022.

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 years ended June 30, 2023 and 2022, asset management fees of \$6,071 and \$5,585, respectively, were incurred and paid and included in professional fees and consulting on the consolidated statements of functional expenses.

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N Street Village, Inc. & Subsidiaries

Notes to Consolidated Financial Statements (Continued)
For the Years Ended June 30, 2023 and 2022

16) Commitments and Contingencies (Continued)

Purchase Option and Right of First Refusal

NSV Residential LLC's Operating Agreement provides NSV 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 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.

17) Guarantees

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. The following obligation is guaranteed:

- 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, 2023 and 2022, no advances have been made under this guarantee.

18) Subsequent Events

Management has evaluated events and transactions subsequent to the consolidated statement of financial position date for potential recognition or disclosure through the independent auditor's report date, the date the consolidated financial statements were available to be issued. Management has determined that no material events require disclosure in the consolidated financial statements.

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Consolidating Statements of Financial Position
As of June 30, 2023

	N Street Village, Inc.	NSV Residential LLC	Miriam's House LLC	Eliminations	Total
Current assets					
Cash and cash equivalents	\$ 4,847,657	\$ 12,332	\$ 16,770	\$ -	\$ 4,876,759
Cash and cash equivalents - NSV internal reserves	4,531,933	-	-	-	4,531,933
Grants receivable	1,356,560	-	-	-	1,356,560
Pledges receivable, net of allowance for doubtful accounts of \$160,000	198,070	-	-	-	198,070
Tenant and other receivables	6,472	39,358	21,456	-	67,286
Prepaid expenses	92,162	2,773	8,200	-	103,135
Investments	3,710,649	-	-	-	3,710,649
Total current assets	<u>14,743,503</u>	<u>54,463</u>	<u>46,426</u>	<u>-</u>	<u>14,844,392</u>
Noncurrent assets					
Reserves and escrows	100,845	787,000	265,457	-	1,153,302
Tenant security deposits	-	33,382	-	-	33,382
Property and equipment, net of accumulated depreciation of \$9,173,391	6,009,356	13,265,168	3,453,538	(357,579)	22,370,483
Tax credit fees, net of accumulated amortization of \$21,945	-	23,455	-	-	23,455
Notes receivable from subsidiaries	5,546,941	-	-	(5,546,941)	-
Due from affiliate	4,752,434	16,982	-	(4,769,416)	-
Total noncurrent assets	<u>16,409,576</u>	<u>14,125,987</u>	<u>3,718,995</u>	<u>(10,673,936)</u>	<u>23,580,622</u>
Total assets	<u>\$ 31,153,079</u>	<u>\$ 14,180,450</u>	<u>\$ 3,765,421</u>	<u>\$ (10,673,936)</u>	<u>\$ 38,425,014</u>

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Consolidating Statements of Financial Position (Continued)

As of June 30, 2023

	N Street Village, Inc.	NSV Residential LLC	Miriam's House LLC	Eliminations	Total
Current liabilities					
Accounts payable and accrued expenses	\$ 135,894	\$ 2,464,872	\$ 71,023	\$ (2,067,941)	\$ 603,848
Accrued salary and related expenses	204,277	3,720	365	-	208,362
Mortgages and notes payable, current portion	-	87,743	-	-	87,743
Tenant security deposits and prepaid rent	34,101	123,949	55,578	-	213,628
Total current liabilities	<u>374,272</u>	<u>2,680,284</u>	<u>126,966</u>	<u>(2,067,941)</u>	<u>1,113,581</u>
Noncurrent liabilities					
Mortgages and notes payable, net of current portion and unamortized financing fees of \$178,443	2,487,000	5,792,361	743,464	-	9,022,825
Notes payable to subsidiaries	-	5,235,492	256,047	(5,491,539)	-
Due to affiliate	-	1,877	2,755,000	(2,756,877)	-
Total noncurrent liabilities	<u>2,487,000</u>	<u>11,029,730</u>	<u>3,754,511</u>	<u>(8,248,416)</u>	<u>9,022,825</u>
Total liabilities	<u>2,861,272</u>	<u>13,710,014</u>	<u>3,881,477</u>	<u>(10,316,357)</u>	<u>10,136,406</u>
Net assets					
Net assets without donor restrictions					
Net assets without donor restrictions - controlling	25,280,681	(436)	(116,056)	(357,579)	24,806,610
Net assets without donor restrictions - board designated	3,010,371	-	-	-	3,010,371
Net assets without donor restrictions - noncontrolling	-	470,872	-	-	470,872
Total net assets without donor restrictions	<u>28,291,052</u>	<u>470,436</u>	<u>(116,056)</u>	<u>(357,579)</u>	<u>28,287,853</u>
Net assets with donor restrictions					
	<u>755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>755</u>
Total net assets	<u>28,291,807</u>	<u>470,436</u>	<u>(116,056)</u>	<u>(357,579)</u>	<u>28,288,608</u>
Total liabilities and net assets	<u>\$ 31,153,079</u>	<u>\$ 14,180,450</u>	<u>\$ 3,765,421</u>	<u>\$ (10,673,936)</u>	<u>\$ 38,425,014</u>

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Consolidating Statements of Activities
For the Year Ended June 30, 2023

	N Street Village, Inc.	NSV Residential LLC	Miriam's House LLC	Eliminations	Consolidated
Revenue and support					
Grants and contributions	\$ 3,105,814	\$ -	\$ -	\$ -	\$ 3,105,814
Rental and service fee income	392,844	1,401,861	179,973	-	1,974,678
Government contracts and grants	4,779,705	-	-	-	4,779,705
Special events revenue, net of benefit to attendees of \$556,666	2,010,681	-	-	-	2,010,681
In-kind contributions	176,535	-	-	-	176,535
Other revenue	229,308	75	6,300	(210,000)	25,683
Total revenue and support	<u>10,694,887</u>	<u>1,401,936</u>	<u>186,273</u>	<u>(210,000)</u>	<u>12,073,096</u>
Expenses					
Program services	8,589,249	2,144,808	327,137	(550,453)	10,510,741
Management and general	995,990	-	-	-	995,990
Fundraising	1,270,022	-	-	-	1,270,022
Total expenses	<u>10,855,261</u>	<u>2,144,808</u>	<u>327,137</u>	<u>(550,453)</u>	<u>12,776,753</u>
Change in net assets before non-operational activities and noncontrolling interest in net assets of a subsidiary	<u>(160,374)</u>	<u>(742,872)</u>	<u>(140,864)</u>	<u>340,453</u>	<u>(703,657)</u>
Non-operational activity					
Investment and interest income	485,388	41	-	(329,779)	155,650
Investment gain	348,813	-	-	-	348,813
Total non-operational activity	<u>834,201</u>	<u>41</u>	<u>-</u>	<u>(329,779)</u>	<u>504,463</u>
Change in net assets	<u>673,827</u>	<u>(742,831)</u>	<u>(140,864)</u>	<u>10,674</u>	<u>(199,194)</u>
Less: change in net assets - noncontrolling	<u>-</u>	<u>742,757</u>	<u>-</u>	<u>-</u>	<u>742,757</u>
Change in net assets - controlling and board designated	<u>\$ 673,827</u>	<u>\$ (74)</u>	<u>\$ (140,864)</u>	<u>\$ 10,674</u>	<u>\$ 543,563</u>

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Consolidating Statements of Financial Position
As of June 30, 2022

	N Street Village, Inc.	NSV Residential LLC	Miriam's House LLC	Eliminations	Total
Current assets					
Cash and cash equivalents	\$ 5,342,869	\$ -	\$ 92,275	\$ -	\$ 5,435,144
Cash and cash equivalents - NSV internal reserves	4,274,161	-	-	-	4,274,161
Grants receivable	626,446	-	-	-	626,446
Pledges receivable	302,500	-	-	-	302,500
Tenant and other receivables	42,476	186,819	14,910	-	244,205
Prepaid expenses	33,505	631	7,807	-	41,943
Investments	3,362,524	-	-	-	3,362,524
Total current assets	<u>13,984,481</u>	<u>187,450</u>	<u>114,992</u>	<u>-</u>	<u>14,286,923</u>
Noncurrent assets					
Reserves and escrows	100,801	839,274	236,475	-	1,176,550
Tenant security deposits	-	33,047	-	-	33,047
Property and equipment, net of accumulated depreciation of \$8,213,365	6,510,544	13,506,859	3,518,935	(368,253)	23,168,085
Tax credit fees, net of accumulated amortization of \$18,918	-	26,482	-	-	26,482
Notes receivable from subsidiaries	5,539,260	-	-	(5,539,260)	-
Due from subsidiaries	4,447,476	-	-	(4,447,476)	-
Total noncurrent assets	<u>16,598,081</u>	<u>14,405,662</u>	<u>3,755,410</u>	<u>(10,354,989)</u>	<u>24,404,164</u>
Total assets	<u>\$ 30,582,562</u>	<u>\$ 14,593,112</u>	<u>\$ 3,870,402</u>	<u>\$ (10,354,989)</u>	<u>\$ 38,691,087</u>

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Consolidating Statements of Financial Position (Continued)

As of June 30, 2022

	N Street Village, Inc.	NSV Residential LLC	Miriam's House LLC	Eliminations	Total
Current liabilities					
Accounts payable and accrued expenses	\$ 319,461	\$ 2,045,495	\$ 52,491	\$ (1,731,787)	\$ 685,660
Accrued salary and related expense	166,064	1,988	1,862	-	169,914
Current portion of mortgages and notes payable	-	84,308	-	-	84,308
Tenant security deposits and prepaid rent	34,057	131,890	36,730	-	202,677
Total current liabilities	<u>519,582</u>	<u>2,263,681</u>	<u>91,083</u>	<u>(1,731,787)</u>	<u>1,142,559</u>
Noncurrent liabilities					
Mortgages and notes payable, net of current portion and unamortized financing fees of \$186,286	2,445,000	5,872,262	743,464	-	9,060,726
Notes payable to subsidiaries	-	5,235,492	256,047	(5,491,539)	-
Due to affiliate	-	8,410	2,755,000	(2,763,410)	-
Total noncurrent liabilities	<u>2,445,000</u>	<u>11,116,164</u>	<u>3,754,511</u>	<u>(8,254,949)</u>	<u>9,060,726</u>
Total liabilities	<u>2,964,582</u>	<u>13,379,845</u>	<u>3,845,594</u>	<u>(9,986,736)</u>	<u>10,203,285</u>
Net assets					
Net assets without donor restrictions					
Net assets without donor restrictions - controlling	24,927,553	(362)	24,808	(368,253)	24,583,746
Net assets without donor restrictions - board designated	2,670,620	-	-	-	2,670,620
Net assets without donor restrictions - noncontrolling	-	1,213,629	-	-	1,213,629
Total net assets without donor restrictions	<u>27,598,173</u>	<u>1,213,267</u>	<u>24,808</u>	<u>(368,253)</u>	<u>28,467,995</u>
Net assets with donor restrictions	<u>19,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,807</u>
Total net assets	<u>27,617,980</u>	<u>1,213,267</u>	<u>24,808</u>	<u>(368,253)</u>	<u>28,487,802</u>
Total liabilities and net assets	<u>\$ 30,582,562</u>	<u>\$ 14,593,112</u>	<u>\$ 3,870,402</u>	<u>\$ (10,354,989)</u>	<u>\$ 38,691,087</u>

See independent auditor's report.

N Street Village, Inc. & Subsidiaries

Consolidating Statements of Activities
For the Year Ended June 30, 2022

	N Street Village, Inc.	NSV Residential LLC	Miriam's House LLC	Eliminations	Consolidated
Revenue and support					
Grants and contributions	\$ 5,222,915	\$ -	\$ -	\$ -	\$ 5,222,915
Rental and service fee income	394,631	1,396,989	227,969	-	2,019,589
Government contracts and grants	4,263,191	-	-	-	4,263,191
Special events revenue, net of benefit to attendees of \$467,757	1,294,020	-	-	-	1,294,020
In-kind contributions	170,290	-	-	-	170,290
Debt forgiveness income	24,736	-	45,775	-	70,511
Other revenue	223,547	-	-	(210,000)	13,547
Total revenue and support	<u>11,593,330</u>	<u>1,396,989</u>	<u>273,744</u>	<u>(210,000)</u>	<u>13,054,063</u>
Expenses					
Program services	8,587,548	2,217,639	318,129	(654,132)	10,469,184
Management and general	809,119	-	-	-	809,119
Fundraising	1,123,524	-	-	-	1,123,524
Total expenses	<u>10,520,191</u>	<u>2,217,639</u>	<u>318,129</u>	<u>(654,132)</u>	<u>12,401,827</u>
Change in net assets before non-operational activities and noncontrolling interest in net assets of a subsidiary	<u>1,073,139</u>	<u>(820,650)</u>	<u>(44,385)</u>	<u>444,132</u>	<u>652,236</u>
Non-operational activity					
Investment and interest income	477,753	61	-	(433,459)	44,355
Investment loss	(845,867)	-	-	-	(845,867)
Total non-operational activity	<u>(368,114)</u>	<u>61</u>	<u>-</u>	<u>(433,459)</u>	<u>(801,512)</u>
Change in net assets	<u>705,025</u>	<u>(820,589)</u>	<u>(44,385)</u>	<u>10,673</u>	<u>(149,276)</u>
Less: change in net assets - noncontrolling	<u>-</u>	<u>820,507</u>	<u>-</u>	<u>-</u>	<u>820,507</u>
Change in net assets - controlling and board designated	<u>\$ 705,025</u>	<u>\$ (82)</u>	<u>\$ (44,385)</u>	<u>\$ 10,673</u>	<u>\$ 671,231</u>

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