

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC.
AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021 AND 2020

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rutland West Neighborhood Housing Services, Inc.
d/b/a NeighborWorks® of Western Vermont
West Rutland, Vermont

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Rutland West Neighborhood Housing Services, Inc. and subsidiaries, d/b/a NeighborWorks® of Western Vermont (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses 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 consolidated financial position of Rutland West Neighborhood Housing Services, Inc. and subsidiaries d/b/a NeighborWorks® of Western Vermont as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Rutland West Neighborhood Housing Services, Inc. and subsidiaries, d/b/a NeighborWorks® of Western Vermont 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 opinions.

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 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 Rutland West Neighborhood Housing Services, Inc. and subsidiaries, d/b/a NeighborWorks® of Western Vermont's 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 and *Government 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 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 and *Government*

- 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 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 Rutland West Neighborhood Housing Services, Inc. and subsidiaries, d/b/a NeighborWorks® of Western Vermont 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 28 - 30, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the consolidating schedules on pages 35 - 41, and the additional information on pages 31 - 34 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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 schedule of expenditures of federal awards and other schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June XX, 2022 on our consideration of Rutland West Neighborhood Housing Services, Inc. and subsidiaries, d/b/a NeighborWorks® of Western Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rutland West Neighborhood Housing Services, Inc. and subsidiaries, d/b/a NeighborWorks® of Western Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rutland West Neighborhood Housing Services, Inc. and subsidiaries, d/b/a NeighborWorks® of Western Vermont's internal control over financial reporting and compliance.

June XX, 2022

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

A S S E T S

	2021	2020
CURRENT ASSETS		
Cash - unrestricted	\$ 2,387,940	\$ 1,255,880
Miscellaneous receivables, net	32,128	47,470
Grants receivable	719,068	529,481
Due from related party	8,409	2,915
Prepaid expenses	54,159	41,806
Current portion of loans receivable	982,793	981,350
TOTAL CURRENT ASSETS	4,184,497	2,858,902
PROPERTY AND EQUIPMENT		
Property, plant and equipment	1,156,526	1,156,526
Less accumulated depreciation	(442,759)	(414,088)
TOTAL PROPERTY, PLANT AND EQUIPMENT	713,767	742,438
OTHER ASSETS		
Cash - restricted	523,267	1,154,938
Investments	70,560	70,582
Long-term portion of loans receivable, net	11,261,549	12,761,315
Property held for resale, net	108,694	92,468
TOTAL OTHER ASSETS	11,964,070	14,079,303
TOTAL ASSETS	\$ 16,862,334	\$ 17,680,643

See accompanying notes.

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 70,134	\$ 53,919
Accrued payroll liabilities	85,454	80,493
Loan escrow accounts	96,760	155,981
Deferred revenue - grants	35,844	294,198
Deferred revenue - other	(9,574)	5,397
Security deposits	6,240	5,067
Current portion of long-term debt	806,000	661,000
TOTAL CURRENT LIABILITIES	<u>1,090,858</u>	<u>1,256,055</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	4,528,036	5,942,066
TOTAL LONG-TERM LIABILITIES	<u>4,528,036</u>	<u>5,942,066</u>
TOTAL LIABILITIES	<u>5,618,894</u>	<u>7,198,121</u>
NET ASSETS		
Net assets without donor restrictions	10,056,547	9,974,947
Net assets with donor restrictions	1,186,893	507,575
TOTAL NET ASSETS	<u>11,243,440</u>	<u>10,482,522</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 16,862,334</u></u>	<u><u>\$ 17,680,643</u></u>

See accompanying notes.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Donations and memberships	\$ 10,298	\$ 7,601
Grant revenue	2,257,421	2,899,039
Interest income	608,396	679,490
Program and RLF fees	161,160	462,344
Rental and miscellaneous income	112,872	60,967
Gain (loss) on sale of property	(22)	(45)
Subtotal - support and revenue	<u>3,150,125</u>	<u>4,109,396</u>
Net assets released from restrictions	<u>202,682</u>	<u>906,430</u>
TOTAL SUPPORT AND REVENUE	<u>3,352,807</u>	<u>5,015,826</u>
EXPENSES		
Program expenses:		
Home ownership promotion	1,075,619	861,402
Housing preservation	1,543,717	1,997,452
Community building and engagement	20,689	18,253
Total program expenses	<u>2,640,025</u>	<u>2,877,107</u>
Support expenses:		
General and administrative	631,182	703,805
Fundraising	-	-
Total support expenses	<u>631,182</u>	<u>703,805</u>
TOTAL EXPENSES	<u>3,271,207</u>	<u>3,580,912</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	81,600	1,434,914
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>9,974,947</u>	<u>8,540,033</u>
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u><u>\$ 10,056,547</u></u>	<u><u>\$ 9,974,947</u></u>

See accompanying notes.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS SUPPORT AND REVENUE		
Grant revenue	\$ 882,000	\$ -
Less net assets released from restrictions	<u>(202,682)</u>	<u>(906,430)</u>
TOTAL SUPPORT AND REVENUE	<u>679,318</u>	<u>(906,430)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	679,318	(906,430)
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	<u>507,575</u>	<u>1,414,005</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 1,186,893</u></u>	<u><u>\$ 507,575</u></u>
TOTAL CHANGE IN NET ASSETS	<u><u>\$ 760,918</u></u>	<u><u>\$ 528,484</u></u>

See accompanying notes.

RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - 2021

FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Home Ownership Promotion	Housing Preservation	Community Building and Engagement	Total Programs
Salaries	\$ 313,502	\$ 384,768	\$ 8,128	\$ 706,398
Payroll taxes	28,005	34,371	726	63,102
Employee benefits	141,103	173,179	3,658	317,940
Subtotal - personnel costs	482,610	592,318	12,512	1,087,440
Program expense	153,870	821,527	25	975,422
Interest	193,164	-	-	193,164
Bad debt expense	110,033	-	-	110,033
Occupancy	38,177	19,297	2,403	59,877
Office expense	21,261	13,048	3,497	37,806
Professional fees	16,128	10,711	-	26,839
Consultants	9,619	5,769	560	15,948
Miscellaneous	23,311	3,824	68	27,203
Depreciation and amortization	1,216	27,455	-	28,671
Insurance	5,005	2,006	-	7,011
Equipment rental and repair	7,338	3,879	553	11,770
Dues and subscriptions	3,410	-	-	3,410
Advertising and marketing	1,730	11,350	258	13,338
Telecommunications	3,124	9,446	376	12,946
Travel	485	15,134	8	15,627
Conferences and training	1,669	3,171	35	4,875
Postage and shipping	2,523	3,068	282	5,873
Printing and publications	946	1,714	112	2,772
Subtotal - other costs	593,009	951,399	8,177	1,552,585
TOTAL EXPENSES	\$ 1,075,619	\$ 1,543,717	\$ 20,689	\$ 2,640,025

See accompanying notes.

	General and Administrative	Fundraising	Total Support	2021 Total	2020 Total
Salaries	\$ 298,545	\$ -	\$ 298,545	\$ 1,004,943	\$ 928,939
Payroll taxes	26,669	-	26,669	89,771	79,825
Employee benefits	134,371	-	134,371	452,311	335,311
Subtotal - personnel costs	459,585	-	459,585	1,547,025	1,344,075
Program expense	9,752	-	9,752	985,174	1,459,408
Interest	-	-	-	193,164	237,139
Bad debt expense	-	-	-	110,033	118,098
Occupancy	10,237	-	10,237	70,114	68,744
Office expense	20,159	-	20,159	57,965	64,759
Professional fees	29,792	-	29,792	56,631	35,896
Consultants	36,099	-	36,099	52,047	76,097
Miscellaneous	8,448	-	8,448	35,651	16,622
Depreciation and amortization	2,208	-	2,208	30,879	31,157
Insurance	14,833	-	14,833	21,844	32,421
Equipment rental and repair	9,719	-	9,719	21,489	18,855
Dues and subscriptions	15,774	-	15,774	19,184	6,846
Advertising and marketing	3,415	-	3,415	16,753	15,800
Telecommunications	3,193	-	3,193	16,139	20,394
Travel	382	-	382	16,009	15,561
Conferences and training	4,344	-	4,344	9,219	8,892
Postage and shipping	2,344	-	2,344	8,217	7,646
Printing and publications	898	-	898	3,670	2,502
Subtotal - other costs	171,597	-	171,597	1,724,182	2,236,837
TOTAL EXPENSES	\$ 631,182	\$ -	\$ 631,182	\$ 3,271,207	\$ 3,580,912

See accompanying notes.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - 2020

FOR THE YEAR ENDED DECEMBER 31, 2020

	Home Ownership Promotion	Housing Preservation	Community Building and Engagement	Total Programs
Salaries	\$ 209,196	\$ 345,443	\$ 6,071	\$ 560,710
Payroll taxes	20,412	30,157	467	51,036
Employee benefits	85,741	126,678	1,960	214,379
Subtotal - personnel costs	<u>315,349</u>	<u>502,278</u>	<u>8,498</u>	<u>826,125</u>
Program expense	116,690	1,338,944	1,120	1,456,754
Interest	237,049	93	-	237,142
Bad debt expense (recovery)	117,988	6,428	(6,318)	118,098
Consultants	6,625	2,046	620	9,291
Occupancy	10,637	40,834	7,039	58,510
Office expense	21,820	13,467	1,996	37,283
Professional fees	3,968	5,208	4,788	13,964
Insurance	1,069	5,966	1,189	8,224
Depreciation and amortization	1,690	25,508	1,139	28,337
Telecommunications	3,770	11,035	553	15,358
Equipment rental and repair	5,850	9,825	173	15,848
Miscellaneous	5,536	9,331	(4,995)	9,872
Advertising and marketing	3,855	5,808	260	9,923
Travel	567	13,767	28	14,362
Conferences and training	3,580	2,435	1,800	7,815
Postage and shipping	1,894	3,273	279	5,446
Dues and subscriptions	2,902	-	-	2,902
Printing and publications	563	1,206	84	1,853
Subtotal - other costs	<u>546,053</u>	<u>1,495,174</u>	<u>9,755</u>	<u>2,050,982</u>
TOTAL EXPENSES	<u><u>\$ 861,402</u></u>	<u><u>\$ 1,997,452</u></u>	<u><u>\$ 18,253</u></u>	<u><u>\$ 2,877,107</u></u>

See accompanying notes.

	General and Administrative	Fundraising	Total Support	2020 Total
Salaries	\$ 368,229	\$ -	\$ 368,229	\$ 928,939
Payroll taxes	28,789	-	28,789	79,825
Employee benefits	120,932	-	120,932	335,311
Subtotal - personnel costs	517,950	-	517,950	1,344,075
Program expense	2,654	-	2,654	1,459,408
Interest	(3)	-	(3)	237,139
Bad debt expense (recovery)	-	-	-	118,098
Consultants	66,806	-	66,806	76,097
Occupancy	10,234	-	10,234	68,744
Office expense	27,476	-	27,476	64,759
Professional fees	21,932	-	21,932	35,896
Insurance	24,197	-	24,197	32,421
Depreciation and amortization	2,820	-	2,820	31,157
Telecommunications	5,036	-	5,036	20,394
Equipment rental and repair	3,007	-	3,007	18,855
Miscellaneous	6,750	-	6,750	16,622
Advertising and marketing	5,877	-	5,877	15,800
Travel	1,199	-	1,199	15,561
Conferences and training	1,077	-	1,077	8,892
Postage and shipping	2,200	-	2,200	7,646
Dues and subscriptions	3,944	-	3,944	6,846
Printing and publications	649	-	649	2,502
Subtotal - other costs	185,855	-	185,855	2,236,837
TOTAL EXPENSES	\$ 703,805	\$ -	\$ 703,805	\$ 3,580,912

See accompanying notes.

RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants received	\$ 2,691,480	\$ 3,494,326
Contributions received	10,298	7,601
Interest received	608,396	679,490
Fees received	161,160	462,344
Rent and other operating receipts	78,095	46,585
Net loans received	1,329,723	557,708
Cash paid for personnel	(1,542,064)	(1,370,601)
Cash paid for goods and services	(1,323,775)	(1,910,885)
Interest paid	(193,164)	(237,139)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,820,149	1,729,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of assets held for resale	49,975	-
Purchases of property and equipment	-	(29,700)
Net change in investing activities	22	45
Purchases of property for resale	(57,349)	(29,761)
NET CASH USED BY INVESTING ACTIVITIES	(7,352)	(59,416)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	250,000	-
Principal payments on long-term debt	(1,562,408)	(1,032,712)
NET CASH USED BY FINANCING ACTIVITIES	(1,312,408)	(1,032,712)
INCREASE IN CASH	500,389	637,301
BEGINNING CASH & RESTRICTED CASH	2,410,818	1,773,517
ENDING CASH & RESTRICTED CASH	\$ 2,911,207	\$ 2,410,818
AS REPORTED IN THE STATEMENTS OF FINANCIAL POSITION		
Cash - unrestricted	\$ 2,387,940	\$ 1,255,880
Cash - restricted	523,267	1,154,938
	\$ 2,911,207	\$ 2,410,818

See accompanying notes.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations

Rutland West Neighborhood Housing Services, Inc. d/b/a NeighborWorks® of Western Vermont ("NWWVT" or "the Organization") is a nonprofit corporation organized in the State of Vermont to revitalize neighborhoods and foster a sense of community in Vermont through a partnership of resident, business and government volunteers. NWWVT's goal is to strengthen the development of a thriving and sustainable regional economy by promoting safe, efficient and affordable housing and community projects through education, technical assistance and financial services. NWWVT receives support and revenue from Federal and State grants, interest income on loan repayments and program service fees.

Principles of consolidation

The consolidated financial statements include the accounts of NeighborWorks® of Western Vermont, October Hill, LLC, Marble Street, LLC, LaborWorks of NeighborWorks, LLC, and Vermont Energy Efficiency Loan Fund, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

The subsidiary entities are as follows:

October Hill, LLC was created to construct for resale a total of four single-family homes on donated land in Tinmouth, Vermont.

Marble Street, LLC was created to purchase and renovate four units of affordable rental housing in the Town of West Rutland, Vermont.

LaborWorks of NeighborWorks, LLC was created to develop a labor pool of skilled day laborers to augment the workforce for the HEAT Squad.

Vermont Energy Efficiency Loan Fund, LLC (VEELF) was created to hold and service energy efficiency loans and all other legal purposes.

NeighborWorks® Network

NeighborWorks® of Western Vermont is a member of the national NeighborWorks® Network, referred to as NeighborWorks® America (NWA). To reflect that relationship, NWWVT adopted the trade name of NeighborWorks® of Western Vermont in 2004.

Financial statement presentation

NeighborWorks® of Western Vermont is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Pending change in accounting principle

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which will replace the current guidance for leases found in FASB ASC 840. ASU No. 2016-02 will affect most not-for-profits for annual reporting periods beginning on or after December 15, 2021. ASU No. 2016-02 applies to both lessees and lessors and will require lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more.

Cash and cash equivalents

For purposes of the Consolidated Statements of Cash Flows, NWWVT considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Cash consists primarily of checking accounts, money market and sweep accounts with original maturities of ninety days or less. Amounts on deposit at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per depositor. Amounts on deposit in excess of the applicable FDIC limit were approximately \$2,315,000 and \$1,668,000 at December 31, 2021 and 2020, respectively. Excess funds are invested in overnight repurchase agreements collateralized by U.S. government-backed securities or are maintained in interest-bearing accounts.

Restricted cash is maintained in accordance with grant agreements between NWWVT and certain funding sources. In some instances, NWWVT is required to maintain separate bank accounts for restricted cash.

Revenue recognition

NWWVT recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend are met.

A portion of NWWVT's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue - grants in the Consolidated Statements of Financial Position.

NWWVT recognizes energy audits and project coordination fees as performance obligations outlined in the contracts are met.

Reclassifications

Certain amounts in the 2020 consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the 2021 consolidated financial statements.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

NeighborWorks® America Revolving Loan and Capital Projects Fund

NWWVT receives significant funding from Neighborhood Reinvestment Corporation d/b/a NeighborWorks® America (NWA). In accordance with the terms of the grant agreement with NWA, NWWVT is required to maintain certain amounts received from NWA in separate funds.

Contributions

NeighborWorks® of Western Vermont is required to report its contributions received as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated services

NeighborWorks® of Western Vermont receives various types of in-kind support including professional services and unskilled labor. Contributed professional services are recognized at fair market value if the services rendered (a) create or enhance long-lived assets or (b) require specialized skills, and would typically need to be purchased if not provided by donation. No amounts have been recorded in the consolidated financial statements as there were no items that satisfied the criteria for recognition.

Income taxes

NeighborWorks® of Western Vermont is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 501(a) of the Code. NWWVT believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. The Consolidated Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while other expenses that are common to multiple functions are allocated to the various functions based on total direct program expenses or usage. NWWVT did not incur any fundraising expenses in 2021 or 2020.

Property and equipment

Property and equipment is stated at cost. NWWVT capitalizes furniture and equipment with an original value of \$1,500 or more, and buildings and improvements with an original value of \$5,000 or more. Donations of property and equipment are recorded as support at their estimated market value. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, NWWVT reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor, and releases net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method over the estimated useful lives.

Loans and interest income

NeighborWorks® of Western Vermont originates loans to customers throughout its service area. Collateral is received in the form of a mortgage note or property lien.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. The allowance is increased by provisions charged to operating expense and reduced by net charge-offs. NeighborWorks® of Western Vermont makes regular credit reviews of the loan portfolio and considers current economic conditions, historical loan loss experience, review of specific problem loans, and other factors in determining the adequacy of the allowance balance.

A loan is considered impaired when, based on current information and events, it is probable that NWWVT will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and interest income (continued)

Interest on loans is based on the principal balance outstanding. The accrual of interest income is generally reviewed for discontinuance when a loan becomes ninety (90) days past due as to principal and interest. NWWVT's management may elect to continue the accrual of interest when the estimated net realizable value of collateral is sufficient to cover the principal balance and accrued interest or, in the opinion of management, the interest is collectible.

Retirement plan

NeighborWorks® of Western Vermont has a contributory, defined contribution retirement plan covering substantially all of its employees who meet minimum service requirements. Employee contributions to the plan are based on a percentage of salary and are 100% vested when made. Employer contributions are determined at the discretion of NWWVT management and are fully vested when made. Total retirement expenses were \$50,142 and \$43,522 for the years ended December 31, 2021 and 2020, respectively.

2) REVENUE FROM CONTRACTS WITH CUSTOMERS

NWWVT receives revenue from contracts with customers as follows:

	<u>2021</u>	<u>2020</u>
Homeownership Center	\$ 58,687	\$ 56,235
Energy and rehabilitation services	102,473	406,109
	<u>\$ 161,160</u>	<u>\$ 462,344</u>

Receivables from contracts with customers were as follows as of December 31:

Beginning of year:		
Project coordination, energy audits and other receivables, net	<u>\$ 47,470</u>	<u>\$ 35,171</u>
End of year:		
Project coordination, energy audits and other receivables, net	<u>\$ 32,128</u>	<u>\$ 47,470</u>

Liabilities from contracts with customers were as follows as of December 31:

Beginning of year:		
Project coordination, energy audits and other	<u>\$ 5,397</u>	<u>\$ 8,198</u>
End of year:		
Project coordination, energy audits and other	<u>\$ -</u>	<u>\$ 5,397</u>

RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

2) REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

The activity and balances for deposits and refundable advances from contracts with customers are shown in the following table:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 5,397	\$ 8,198
Revenue recognized included in deferred revenue at the beginning of the year	(5,397)	(8,198)
Payments received for future performance obligations	-	5,397
Ending balance	<u>\$ -</u>	<u>\$ 5,397</u>

3) LIQUIDITY

NeighborWorks of Western Vermont (NWWVT) regularly monitors liquidity required to meet its operating and lending needs as well as meeting its debt service requirements. NWWVT's source of liquidity is its cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, NWWVT considers all expenditures related to ongoing activities of its home repair, neighborhood revitalization and energy efficiency programs as well as its lending activities. NWWVT is committed to maintaining and increasing cash reserves.

As of December 31, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the dates of the Consolidated Statements of Financial Position to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Cash - unrestricted	\$ 2,387,940	\$ 1,255,880
Cash - restricted	523,267	1,154,938
Miscellaneous receivable	32,128	47,470
Due from related party	8,409	2,915
Grants receivable	719,068	529,481
Loans receivable - gross	<u>13,222,442</u>	<u>14,552,165</u>
Total financial assets at year-end (forward)	<u>\$ 16,893,254</u>	<u>\$ 17,542,849</u>

RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

3) LIQUIDITY (continued)

	<u>2021</u>	<u>2020</u>
Total financial assets at year-end (forwarded)	\$ 16,893,254	\$ 17,542,849
Less amounts not available within one year:		
Loans receivable due after one year	(12,239,649)	(13,570,815)
Loans receivable current - restricted to NeighborWorks America	-	(62,650)
Loans receivable current - restricted to VCDP	(139,854)	(107,720)
Grants receivable - CDFI funds restricted to low income loans	(441,000)	(250,000)
Grants receivable - VCDP funds restricted to low income loans	(52,797)	(80,939)
Cash restricted to low income clients - VCDP	(208,755)	(395,230)
Cash restricted to loan loss reserves	(182,409)	(215,401)
Cash escrowed on behalf of clients	(96,760)	(155,981)
Cash held for tenant/client deposits	(6,512)	(6,032)
Other restricted cash	(2,000)	(372,958)
Cash restricted to low income clients - RRMC Aging in Place program	(9,818)	(9,336)
Total financial assets not available for general operations	<u>(13,379,554)</u>	<u>(15,227,062)</u>
Financial assets available for general operations within one year	<u>\$ 3,513,700</u>	<u>\$ 2,315,787</u>

4) GRANTS RECEIVABLE

At December 31, 2021 and 2020, grants receivable consisted of amounts due from federal sources and organizations for community development and other programs. Due to the current nature of the individual items, no allowance for uncollectible grants receivable is considered necessary.

5) INVESTMENTS

NeighborWorks® of Western Vermont owns 100% of the shares of \$1 par value common stock of Kazon Building, Inc. (KBI), which was organized to act as the general partner in the Rutland West Housing Limited Partnership (RWHL). RWHL was formed to acquire and renovate the Kazon Building in West Rutland, Vermont to house both commercial and residential tenants. The building renovation was completed in 2005, and NWWVT is now leasing office space from RWHL. The balances in the investment in KBI were \$70,560 and \$70,582 as of December 31, 2021 and 2020, respectively.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

6) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 367,322	\$ 367,322
Land	476,716	476,716
Equipment and vehicle	312,488	312,488
	<u>1,156,526</u>	<u>1,156,526</u>
Less accumulated depreciation	(442,759)	(414,088)
	<u><u>\$ 713,767</u></u>	<u><u>\$ 742,438</u></u>

7) PROPERTY HELD FOR RESALE

NeighborWorks® of Western Vermont has acquired certain properties in recent years that it intends to improve and make available for sale. Each property is carried at estimated realizable value. Property held for resale consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Single-family housing rehabilitations	\$ 130,694	\$ 92,468
October Hill, LLC	148,889	148,889
	<u>279,583</u>	<u>241,357</u>
Less impairment allowance for October Hill, LLC	(148,889)	(148,889)
Less impairment allowance for other properties	(22,000)	-
	<u><u>\$ 108,694</u></u>	<u><u>\$ 92,468</u></u>

8) LOANS RECEIVABLE

Loans are granted to low and moderate income residents for the purchase of new homes and rehabilitation of existing homes. Additionally, energy loans are made to area residents, regardless of income. Conforming loans meeting certain parameters are approved by the Director of Lending or the Executive Director. Loans outside of those parameters are approved by the Lending Committee up to \$150,000 or the Board of Directors if in excess of \$150,000. Loan balances range from under \$1,000 to \$375,000. Interest rates range from 0% to 9.5%. Terms of the loans range from 3 years to 30 years, with some loans due upon sale or death. Security interests consist of primary and subordinate mortgages on property.

RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

8) LOANS RECEIVABLE (continued)

Loans receivable consisted of the following at:

	Current	30 - 59 days	60 - 89 days	Over 90 days	Total
December 31, 2021:					
Principal amount	<u>\$ 11,977,120</u>	<u>\$ 545,372</u>	<u>\$ 284,484</u>	<u>\$ 415,466</u>	<u>\$ 13,222,442</u>
Number of loans	<u>765</u>	<u>18</u>	<u>9</u>	<u>31</u>	<u>823</u>
Percent of loans (volume)	<u>93%</u>	<u>2%</u>	<u>1%</u>	<u>4%</u>	<u>100%</u>
Percent of loans (amounts)	<u>91%</u>	<u>4%</u>	<u>2%</u>	<u>3%</u>	<u>100%</u>
December 31, 2020:					
Principal amount	<u>\$ 13,487,497</u>	<u>\$ 325,887</u>	<u>\$ 161,036</u>	<u>\$ 577,745</u>	<u>\$ 14,552,165</u>
Number of loans	<u>837</u>	<u>18</u>	<u>9</u>	<u>23</u>	<u>887</u>
Percent of loans (volume)	<u>94%</u>	<u>2%</u>	<u>1%</u>	<u>3%</u>	<u>100%</u>
Percent of loans (amounts)	<u>93%</u>	<u>2%</u>	<u>1%</u>	<u>4%</u>	<u>100%</u>

There were 10 loans totaling \$97,860 and 12 loans totaling \$127,788 on non-accrual status as of December 31, 2021 and 2020, respectively.

Loans receivable are reported in the Consolidated Statements of Financial Position as follows at December 31:

	2021	2020
Total loans outstanding	\$ 13,222,442	\$ 14,552,165
Less loan loss reserve	<u>(978,100)</u>	<u>(809,500)</u>
	12,244,342	13,742,665
Less current portion	<u>(982,793)</u>	<u>(981,350)</u>
	<u>\$ 11,261,549</u>	<u>\$ 12,761,315</u>

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

8) LOANS RECEIVABLE (continued)

Loan maturities are as follows for the years ending December 31:

2022	\$ 982,793
2023	945,195
2024	961,300
2025	1,213,900
2026	921,300
Thereafter	6,987,401
Deferred	<u>1,210,553</u>
	<u><u>\$ 13,222,442</u></u>

NWWVT maintains a loan loss reserve which is determined in part by a review of loans that are deferred and due upon sale or death (\$1.2 million and \$1.151 million at December 31, 2021 and 2020, respectively), and loans that are more than 90 days in arrears.

A roll forward of the loan loss reserve for the years ended December 31 is as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 809,500	\$ 851,500
Increase (decrease) in loan loss reserve	<u>168,600</u>	<u>(42,000)</u>
Ending balance	<u><u>\$ 978,100</u></u>	<u><u>\$ 809,500</u></u>

9) VERMONT ENERGY EFFICIENCY LOAN FUND, LLC

In December 2013, NeighborWorks® of Western Vermont formed a wholly-owned LLC called Vermont Energy Efficiency Loan Fund, LLC (VEELF). At December 31, 2021, there were 170 loans outstanding with a total principal balance of \$3,369,258. At December 31, 2020, there were 165 loans outstanding with a total principal balance of \$3,390,061.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

10) ESCROW FUNDS

NeighborWorks® of Western Vermont holds client loan proceeds in trust until the renovations, repairs and energy upgrades to the client's dwelling are completed. The funds are released upon the client's approval of the renovations. NWWVT also maintains loan impound and suspense accounts with which to pay the loan client's taxes and insurance, and to hold partial mortgage loan payments until sufficient funds are received to make a full payment. At December 31, 2021 and 2020, funds held in escrow were \$96,760 and \$155,981, respectively.

11) LONG-TERM DEBT

NeighborWorks® of Western Vermont used guidance facility lines of credit from People's United Bank to finance mortgage loans to NWWVT's clients. Terms for repayment of funds used for this purpose are the same terms given to NWWVT's clients plus approximately 2% to compensate for servicing costs. Upon termination of these lines of credit, no loan financed from these funds shall be accelerated except in the case of default.

Long-term debt consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Guidance facility lines of credit:		
People's United Bank -		
\$2,000,000 line of credit, bearing variable interest with rates ranging from 5% to 6%, collateralized by mortgage loans financed by this agreement, principal and interest payments due monthly, lender's obligation to fund advances terminated on December 31, 2010, NWWVT has chosen not to renew	\$ 167,164	\$ 296,911
Vermont Housing and Conservation Board:		
Deferred notes payable bearing interest at 0%, with principal balances deferred until sale of property	13,752	13,752
State of Vermont:		
\$3.8 million loan capital note available in \$250,000 and \$400,000 increments, with interest payable quarterly at the rate equal to the five-year U.S. Treasury Note plus .6%, with minimum rate of 2% (2% and 2.29% at December 31, 2021 and 2020, respectively), principal was originally due in ten-year balloon payments beginning in 2023, notes have been converted to amortizing loans with quarterly interest and principal payments	<u>2,672,259</u>	<u>2,862,110</u>
Subtotal (forward)	<u>\$ 2,853,175</u>	<u>\$ 3,172,773</u>

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

11) LONG-TERM DEBT (continued)

	<u>2021</u>	<u>2020</u>
Subtotal (forwarded)	\$ 2,853,175	\$ 3,172,773
National Bank of Middlebury:		
Loan capital note for \$100,000, payable in quarterly interest-only payments at 2% until April 2025, balloon payment due in April 2025	36,907	56,041
Bank of America:		
Loan capital note for \$1,500,000, bearing interest at 2%, balance may not exceed \$500,000 as of December 2025, balloon payment due in December 2026, net of unamortized debt issuance costs of \$4,883 and \$6,104 as of December 31, 2021 and 2020, respectively	404,137	554,565
TD Bank, N.A.:		
\$3.5 million loan capital note available in no less than \$100,000 increments, principal and interest payable monthly with interest rates ranging from 3.91% to 5.06%, remaining principal due in ten-year balloon payments (beginning in 2027), with prepayment permitted, net of unamortized debt issuance costs of \$7,994 and \$891 as of December 31, 2021, and 2020, respectively	2,039,817	2,819,687
	5,334,036	6,603,066
Less current portion	(806,000)	(661,000)
	<u>\$ 4,528,036</u>	<u>\$ 5,942,066</u>

Future maturities of long-term debt are as follows for the years ending December 31:

2022	\$ 806,000
2023	729,000
2024	751,000
2025	794,000
2026	1,061,000
Thereafter	1,193,036
	<u>\$ 5,334,036</u>

On April 1, 2022, NWWVT signed a \$241,650 promissory note with TD Bank, N.A. The note bears interest at 4.3% and is repayable in equal quarterly installments of \$5,473 based on a 180-month amortization period. A balloon payment is due April 1, 2032 for any outstanding principal balance at that time. The loan is collateralized by NWWVT's deposits at TD Bank, N.A.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

11) LONG-TERM DEBT (continued)

In April 2020, NWWVT signed a promissory note for a loan under the U.S. Small Business Administration (US SBA) Paycheck Protection Program (PPP) to assist the Organization in their continued operations during the pandemic. The total loan was \$220,589, with interest at 1% and repayable over 24 months. Under the US SBA guidelines, the loan was forgiven in December 2020 as the funds were utilized for eligible purposes, including personnel and occupancy costs. As a result, the debt liability was reclassified to grant income.

12) OPERATING LEASES

NeighborWorks® of Western Vermont leases its office space on a month-to-month basis from Rutland West Housing Limited Partnership, a related party. The lease requires monthly payments of \$2,271. Rental expenses before elimination were \$32,949 and \$37,854 for 2021 and 2020, respectively.

13) GRANTS

In the normal course of operations, NeighborWorks® of Western Vermont participates in a number of federal and state-assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. NWWVT presently has no such request pending and, in the opinion of management, any such amounts would not be considered material.

14) NWA CAPITAL FUND

Net assets with donor restrictions include funds received from NeighborWorks® America (NWA), of which NWWVT is a member. Restricted funds are provided by NWA to provide loan fund capital and funding for capital projects. Since 2009, NWA has allowed certain member organizations to release restrictions on a portion of their outstanding capital balance. Under this authority, NWWVT released \$0 and \$689,761 from net assets with donor restrictions in 2021 and 2020, respectively. NWA no longer considers future grants for loan capital to be restricted net assets.

The NWA Capital Fund balances were \$0 at December 31, 2021 and 2020.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

15) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Restricted for specific purpose:		
For loan capital	\$ 713,341	\$ 34,023
For healthy homes program	9,336	9,336
	<u>722,677</u>	<u>43,359</u>
Restricted in perpetuity:		
Homeland properties	464,216	464,216
	<u>\$ 1,186,893</u>	<u>\$ 507,575</u>

16) GLOBAL PANDEMIC

In March 2020 the world experienced a global pandemic, COVID-19 (coronavirus), which has dramatically decreased economic activity. NWWVT was deemed an "essential business" by the State of Vermont and continues to provide services remotely while offices are closed to the public.

Due to the State of Emergency declaration in Vermont and the associated measures in place from March - June 2020:

- NWWVT staff was unable to enter homes, which significantly affected the ability for the Heat Squad Program and the Home Repair Program to provide services. This directly reduced revenues for both programs during those months, but not materially from year to year due to continued grant funding of these programs. NWWVT also enacted a reduction of staff at that time.

- NWWVT's ability to deploy lending capital for down payment assistance loans and home rehabilitation loans was severely impacted due to the closures. NWWVT expects the total of new loans for the upcoming year to be reduced, which will affect future years' revenues.

- As a result of the State's measures, NWWVT reached out to all loan holders in its portfolio to offer forbearance for three months. Only 4.8% of customers utilized this offering, and many began making payments after only two months, which limited the impact to interest income. As of March 2021, all prior forbearance agreements have commenced payments. Revenues from interest income remain consistent with prior years.

As of the report date, it is not possible to determine the full impact of this health crisis on NWWVT's operations.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

17) SUBSEQUENT EVENTS

As disclosed in Note 11, NWWVT borrowed additional \$241,650 from TD Bank, N.A. in April 2022.

NeighborWorks® of Western Vermont has evaluated events and transactions for potential recognition or disclosure through June XX, 2022, the date the consolidated financial statements were available to be issued.

DRAFT - FOR DISCUSSION ONLY

SUPPLEMENTARY INFORMATION

DRAFT - FOR DISCUSSION ONLY

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor Pass-through Grantor Program Title	CFDA Number	Pass-through Identifying Number	Amounts Passed through to Sub- recipients	Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY				
<i>Direct Funding:</i>				
CDFI Cluster:				
Community Development Financial Institutions Fund	21.020	N/A	\$ -	\$ 37,022
Total CDFI Cluster			-	37,022
CDFI Rapid Response Program	21.024	N/A	-	165,659
<i>Passed through NeighborWorks® of America:</i>				
Capital lending	21.000	116-94	-	125,000
Program support	21.000	116-94	-	180,000
Supplemental funds	21.000	116-94	-	84,500
Other	21.000	116-94	-	500
Total NeighborWorks® of America				390,000
<i>Passed through Vermont Community Development Program:</i>				
Coronavirus Relief Funds	21.019	07110-21-06-CRF	394,477	574,507
TOTAL U.S. DEPARTMENT OF THE TREASURY			394,477	1,167,188
U.S. DEPARTMENT OF ENERGY				
<i>Passed Through The Clean Energy Development Fund:</i>				
Rutland County Low-income Woodstove Change-out Program	ARRA-81.041	02240-FY18-CEDFARRA-01	-	242,901
TOTAL U.S. DEPARTMENT OF ENERGY			-	242,901

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor Pass-through Grantor Program Title	CFDA Number	Pass-through Identifying Number	Amounts Passed through to Sub- recipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
State-Administered CDBG Cluster:				
<i>Passed through the Town of West Rutland:</i>				
Community Development Block Grants	14.228	CDBG-CV HOUSING STABILIZATION	-	137,891
Community Development Block Grants	14.228	SS-2019-WEST RUTLAND	-	507,188
<i>Passed through the Town of Bennington:</i>				
Community Development Program	14.228	SS-2015-BENNINGTON	-	57,067
Total State-Administered CDBG Cluster			-	702,146
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	702,146
TOTAL FEDERAL AWARDS EXPENDED			\$ 394,477	\$ 2,112,235

The accompanying notes are an integral part of this schedule.

NOTE 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2) INDIRECT COST RATE

NWWVT has elected not to use the ten percent (10%) de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3) BASIS OF PRESENTATION

The Schedule includes the federal award activity of Rutland West Neighborhood Housing Services, Inc. d/b/a NeighborWorks® of Western Vermont, under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of NWWVT, it is not intended to and does not present the financial position, changes in net assets or cash flows of NWWVT.

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

**NEIGHBORWORKS® AMERICA
SCHEDULES OF FINANCIAL POSITION - CAPITAL FUND**

DECEMBER 31, 2021 AND 2020

A S S E T S

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ -	\$ -
Loans receivable	-	-
Investment in real estate	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Due to other funds	\$ -	\$ -
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>
NET ASSETS		
Net assets with donor restrictions	-	-
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

**NEIGHBORWORKS® AMERICA
SCHEDULES OF REVENUE AND EXPENSES - CAPITAL FUND**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Grant revenue - capital	\$ -	\$ -
Net assets released from restrictions	-	(689,761)
TOTAL SUPPORT AND REVENUE	<u>-</u>	<u>(689,761)</u>
TOTAL CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	(689,761)
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	<u>-</u>	<u>689,761</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
TOTAL CHANGE IN NET ASSETS	<u><u>\$ -</u></u>	<u><u>\$ (689,761)</u></u>

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

**VERMONT COMMUNITY DEVELOPMENT PROGRAM - CAPITAL FUND
SCHEDULES OF FINANCIAL POSITION**

DECEMBER 31, 2021 AND 2020

A S S E T S

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 211,636	\$ 398,110
Grants receivable	52,797	80,939
Due from other funds	296,751	23,053
Loans receivable	<u>2,278,735</u>	<u>2,189,009</u>
TOTAL ASSETS	<u><u>\$ 2,839,919</u></u>	<u><u>\$ 2,691,111</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Net assets without donor restrictions	<u>2,839,919</u>	<u>2,691,111</u>
TOTAL NET ASSETS	<u><u>2,839,919</u></u>	<u><u>2,691,111</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,839,919</u></u>	<u><u>\$ 2,691,111</u></u>

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

**VERMONT COMMUNITY DEVELOPMENT PROGRAM - CAPITAL FUND
SCHEDULES OF REVENUE AND EXPENSES**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
SUPPORT AND REVENUE		
Capital grants	\$ 222,679	\$ 192,120
Interest income	41,164	34,881
TOTAL SUPPORT AND REVENUE	263,843	227,001
EXPENSES		
Grants to clients	69,989	20,968
Administrative fees	45,046	33,923
Bad debt	-	41,817
TOTAL EXPENSES	115,035	96,708
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	148,808	130,293
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	2,691,111	2,560,818
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 2,839,919	\$ 2,691,111

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2021

A S S E T S

	NWWVT	Marble Street, LLC	VEELF	October Hill, LLC	LaborWorks, LLC	Eliminations	Total
CURRENT ASSETS							
Cash - unrestricted	\$ 2,379,228	\$ 8,548	\$ -	\$ 164	\$ -	\$ -	\$ 2,387,940
Miscellaneous receivables, net	30,365	1,763	-	-	-	-	32,128
Grants receivable	719,068	-	-	-	-	-	719,068
Due from related party	8,811	(402)	-	-	-	-	8,409
Prepaid expenses	51,540	2,065	-	554	-	-	54,159
Current portion of loans receivable	982,793	-	-	-	-	-	982,793
TOTAL CURRENT ASSETS	4,171,805	11,974	-	718	-	-	4,184,497
PROPERTY AND EQUIPMENT							
Property, plant and equipment	846,963	333,940	-	-	6,077	(30,454)	1,156,526
Less accumulated depreciation	(311,843)	(124,989)	-	-	(5,927)	-	(442,759)
TOTAL PROPERTY AND EQUIPMENT	535,120	208,951	-	-	150	(30,454)	713,767
OTHER ASSETS							
Cash - restricted	523,267	-	-	-	-	-	523,267
Investments	195,560	-	-	-	-	(125,000)	70,560
Long-term portion of loans receivable, net	11,468,843	-	3,961,821	-	-	(4,169,115)	11,261,549
Property held for resale, net	108,694	-	-	-	-	-	108,694
TOTAL OTHER ASSETS	12,296,364	-	3,961,821	-	-	(4,294,115)	11,964,070
TOTAL ASSETS	\$ 17,003,289	\$ 220,925	\$ 3,961,821	\$ 718	\$ 150	\$ (4,324,569)	\$ 16,862,334

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

	NWWVT	Marble Street, LLC	VEELF	October Hill, LLC	LaborWorks, LLC	Eliminations	Total
Accounts payable	\$ 56,962	\$ 5,480	\$ -	\$ 7,692	\$ -	\$ -	\$ 70,134
Loan escrow accounts	96,760	-	-	-	-	-	96,760
Deferred revenue - grants	35,844	-	-	-	-	-	35,844
Deferred revenue - other	(9,574)	-	-	-	-	-	(9,574)
Accrued payroll liabilities	85,454	-	-	-	-	-	85,454
Security deposits	-	6,240	-	-	-	-	6,240
Current portion of long-term debt	806,000	-	-	-	-	-	806,000

TOTAL CURRENT LIABILITIES

1,071,446	11,720	-	7,692	-	-	1,090,858
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LONG-TERM LIABILITIES

Long-term debt, net of current portion	4,528,036	207,294	3,961,821	-	-	(4,169,115)	4,528,036
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TOTAL LONG-TERM LIABILITIES

4,528,036	207,294	3,961,821	-	-	(4,169,115)	4,528,036
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TOTAL LIABILITIES

5,599,482	219,014	3,961,821	7,692	-	(4,169,115)	5,618,894
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NET ASSETS/EQUITY

Net assets/equity without donor restrictions	10,216,914	1,911	-	(81,974)	(49,850)	(30,454)	10,056,547
Paid-in capital	-	-	-	75,000	50,000	(125,000)	-
Net assets with donor restrictions	1,186,893	-	-	-	-	-	1,186,893

TOTAL NET ASSETS/EQUITY

11,403,807	1,911	-	(6,974)	150	(155,454)	11,243,440
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TOTAL LIABILITIES AND NET ASSETS

\$ 17,003,289	\$ 220,925	\$ 3,961,821	\$ 718	\$ 150	\$ (4,324,569)	\$ 16,862,334
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**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	NWWVT	Marble Street, LLC	VEELF	October Hill, LLC	LaborWorks, LLC	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS							
SUPPORT AND REVENUE							
Donations and memberships	\$ 10,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,298
Grant revenue	2,257,421	-	-	-	-	-	2,257,421
Interest income	619,654	-	-	-	-	(11,258)	608,396
Program and RLF fees	288,014	-	-	-	-	(126,854)	161,160
Rental and miscellaneous income	60,468	52,404	-	-	-	-	112,872
Loss on sale of property	(22)	-	-	-	-	-	(22)
Subtotal - Support and revenue	3,235,833	52,404	-	-	-	(138,112)	3,150,125
Net assets released from restrictions	202,682	-	-	-	-	-	202,682
TOTAL SUPPORT AND REVENUE	3,438,515	52,404	-	-	-	(138,112)	3,352,807
EXPENSES							
Program expenses:							
Home ownership promotion	1,075,619	-	-	-	-	-	1,075,619
Housing preservation	1,543,717	-	-	-	-	-	1,543,717
Community building and engagement	92,106	59,214	-	7,446	35	(138,112)	20,689
Total program expenses	2,711,442	59,214	-	7,446	35	(138,112)	2,640,025
Support expenses:							
General and administrative	631,182	-	-	-	-	-	631,182
Fundraising	-	-	-	-	-	-	-
Total support expenses	631,182	-	-	-	-	-	631,182
TOTAL EXPENSES	3,342,624	59,214	-	7,446	35	(138,112)	3,271,207
OPERATING INCOME (LOSS) (forward)	\$ 95,891	\$ (6,810)	\$ -	\$ (7,446)	\$ (35)	\$ -	\$ 81,600

	NWWVT	Marble Street, LLC	VEELF	October Hill, LLC	LaborWorks, LLC	Eliminations	Total
OPERATING INCOME (LOSS) (forwarded)	\$ 95,891	\$ (6,810)	\$ -	\$ (7,446)	\$ (35)	\$ -	\$ 81,600
CHANGE IN NET ASSETS/EQUITY WITHOUT DONOR RESTRICTIONS	95,891	(6,810)	-	(7,446)	(35)	-	81,600
BEGINNING NET ASSETS/EQUITY WITHOUT DONOR RESTRICTIONS	10,121,023	8,721	-	(74,528)	(49,815)	(30,454)	9,974,947
ENDING NET ASSETS/EQUITY WITHOUT DONOR RESTRICTIONS	<u>\$ 10,216,914</u>	<u>\$ 1,911</u>	<u>\$ -</u>	<u>\$ (81,974)</u>	<u>\$ (49,850)</u>	<u>\$ (30,454)</u>	<u>\$ 10,056,547</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS SUPPORT AND REVENUE							
Grant revenue	\$ 882,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,000
Net assets released from restrictions	(202,682)	-	-	-	-	-	(202,682)
TOTAL SUPPORT AND REVENUE	679,318	-	-	-	-	-	679,318
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS (forward)	<u>\$ 679,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 679,318</u>

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT**

CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>NWWVT</u>	<u>Marble Street, LLC</u>	<u>VEELF</u>	<u>October Hill, LLC</u>	<u>LaborWorks, LLC</u>	<u>Eliminations</u>	<u>Total</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS (forwarded)	\$ 679,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 679,318
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	<u>507,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>507,575</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,186,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,186,893</u>
TOTAL CHANGE IN NET ASSETS/EQUITY	<u>\$ 775,209</u>	<u>\$ (6,810)</u>	<u>\$ -</u>	<u>\$ (7,446)</u>	<u>\$ (35)</u>	<u>\$ -</u>	<u>\$ 760,918</u>

RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC. AND SUBSIDIARIES
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT
CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	NWWVT	Marble Street, LLC	VEELF	October Hill, LLC	LaborWorks, LLC	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Grants received	\$ 2,691,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,691,480
Contributions received	10,298	-	-	-	-	-	10,298
Interest received	608,396	-	-	-	-	-	608,396
Fees received	161,160	-	-	-	-	-	161,160
Rent and other operating receipts	25,436	52,659	-	-	-	-	78,095
Net loans issued	1,329,723	-	-	-	-	-	1,329,723
Cash paid for personnel	(1,542,064)	-	-	-	-	-	(1,542,064)
Cash paid for goods and services	(1,287,548)	(36,227)	-	-	-	-	(1,323,775)
Interest paid	(182,244)	(10,920)	-	-	-	-	(193,164)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,814,637	5,512	-	-	-	-	1,820,149
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales of assets held for resale	49,975	-	-	-	-	-	49,975
Purchases of property and equipment	-	-	-	-	-	-	-
Net change in investing activities	22	-	-	-	-	-	22
Purchases of property for resale	(57,349)	-	-	-	-	-	(57,349)
NET CASH USED BY INVESTING ACTIVITIES	(7,352)	-	-	-	-	-	(7,352)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from issuance of long-term debt	250,000	-	-	-	-	-	250,000
Principal payments on long-term debt	(1,555,725)	(6,683)	-	-	-	-	(1,562,408)
NET CASH USED BY FINANCING ACTIVITIES	(1,305,725)	(6,683)	-	-	-	-	(1,312,408)
INCREASE (DECREASE) IN CASH (forward)	\$ 501,560	\$ (1,171)	\$ -	\$ -	\$ -	\$ -	\$ 500,389

	NWWVT	Marble Street, LLC	VEELF	October Hill, LLC	LaborWorks, LLC	Eliminations	Total
INCREASE (DECREASE) IN CASH (forwarded)	\$ 501,560	\$ (1,171)	\$ -	\$ -	\$ -	\$ -	\$ 500,389
BEGINNING CASH & RESTRICTED CASH	2,400,935	9,719	-	164	-	-	2,410,818
ENDING CASH & RESTRICTED CASH	<u>\$ 2,902,495</u>	<u>\$ 8,548</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,911,207</u>
AS REPORTED IN THE CONSOLIDATING SCHEDULE OF FINANCIAL POSITION							
Cash - unrestricted	\$ 2,379,228	\$ 8,548	\$ -	\$ 164	\$ -	\$ -	\$ 2,387,940
Cash - restricted	523,267	-	-	-	-	-	523,267
	<u>\$ 2,902,495</u>	<u>\$ 8,548</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,911,207</u>