Way Finders, Inc. and Subsidiaries

Consolidating Financial Statements
and
Auditors' Reports

June 30, 2017

Way Finders, Inc. and Subsidiaries

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DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

The Board of Directors
Way Finders, Inc.

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Way Finders, Inc., (a nonprofit organization) and subsidiaries (collectively, the Organization) which comprise the consolidating statement of financial position as of June 30, 2017, and the related consolidating statements of activities, changes in net assets/(deficit), functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Consolidating Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of Way Finders, Inc. and subsidiaries as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying supplementary information shown on pages 57 to 62 is presented for the purpose of additional analysis and is not a required part of the consolidating financial statements. The accompanying schedule of expenditures of federal awards, 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* (Uniform Guidance), is also presented for the purpose of additional analysis and is not a required part of the consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidating financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2017, on our consideration of the Organization'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the Organization's internal control over financial reporting and compliance.

Daniel Dennis & Company LLP

November 17, 2017

Way Finders, Inc. and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2017

Assets

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Current Assets						
Cash and cash equivalents	$ 2,815,650	$ 413,387	$ 635,047	$ 770,980	$ -	$ 4,635,064
Restricted cash	6,514,617	245,394	-	90,381	-	6,850,392
Accounts receivable	1,949,009	71,210	126,673	378,033	(19,488)	2,505,437
Contribution receivable	-	150,000	-	-	(50,000)	100,000
Related party receivables	2,333,049	-	-	-	(2,333,049)	-
Small business loans receivable, net	-	561,664	-	-	(8,078)	553,586
Other loans receivable, net	5,951	-	-	-	-	5,951
Interest receivable	-	21,132	-	-	(1,018)	20,114
Investments	-	-	192,953	-	-	192,953
Prepaid expenses and other assets	108,338	2,537	266,504	2,370	-	379,749
Total current assets	13,726,614	1,465,324	1,221,177	1,241,764	(2,411,633)	15,243,246
Property and Equipment						
Land	190,889	-	5,969,378	369,000	(307,073)	6,222,194
Buildings and improvements	2,614,647	-	85,561,096	2,820	(4,933,805)	83,244,758
Furniture and equipment	1,675,895	32,500	429,291	18,036	82,177	2,237,899
Software	406,735	29,950	-	-	-	436,685
Less: accumulated depreciation	(2,294,200)	(57,686)	(18,890,190)	(12,207)	(414,812)	(21,669,095)
Total property and equipment	2,593,966	4,764	73,069,575	377,649	(5,573,513)	70,472,441
Other Assets						
Investments	621,510	53,179	(136,566)	89,755	(523,189)	104,689
Contribution receivable	-	144,363	-	-	(144,363)	-
Restricted cash	615,552	445,037	4,223,914	7,517	-	5,292,020
Restricted investments	69,164	-	151,897	-	-	221,061
Work in progress	206,663	-	6,923,142	2,904,763	(546,563)	9,488,005
Small business loans receivable, net	-	4,034,924	-	-	(232,402)	3,802,522
Other loans receivable, net	7,160,198	-	81,150	-	(712,246)	6,529,102
Intangible assets, net	105,209	-	217,914	200	-	323,323
Total other assets	8,778,296	4,677,503	11,461,451	3,002,235	(2,158,763)	25,760,722
Total assets	$ 25,098,876	$ 6,147,591	$ 85,752,203	$ 4,621,648	$ (10,143,909)	$ 111,476,409

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries
Consolidating Statement of Financial Position – *Continued*
June 30, 2017

Liabilities and Net Assets

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Current Liabilities						
Accounts payable	$ 667,376	$ 9,230	$ 847,228	$ 387,597	$ -	$ 1,911,431
Grants payable	50,000	-	-	-	(50,000)	-
Related party payables	-	51,370	676,967	1,604,712	(2,333,049)	-
Accrued expenses	1,662,582	79,392	249,838	80,849	(19,488)	2,053,173
Contract advances	4,798,978	-	-	-	-	4,798,978
Mortgages and notes payable	686,009	741,083	141,857	-	(8,078)	1,560,871
Non-amortizing notes payable	53,540	-	-	971,301	-	1,024,841
Deferred revenue	8,323	1,042	657,190	250	-	666,805
Total current liabilities	7,926,808	882,117	2,573,080	3,044,709	(2,410,615)	12,016,099
Noncurrent liabilities						
Grants payable	144,363	-	-	-	(144,363)	-
Amortizing notes payable	1,000,081	1,035,754	9,748,825	500,000	(232,402)	12,052,258
Non-amortizing notes payable	531,972	-	26,370,955	1,132,334	(5,802,906)	22,232,355
Escrow liabilities	351,458	-	316,215	7,518	-	675,191
Contract advances	7,383,758	-	-	-	-	7,383,758
Deferred revenue	-	-	4,547,338	-	-	4,547,338
Accrued interest	-	-	5,425,631	-	(1,324,017)	4,101,614
Total noncurrent liabilities	9,411,632	1,035,754	46,408,964	1,639,852	(7,503,688)	50,992,514
Total liabilities	17,338,440	1,917,871	48,982,044	4,684,561	(9,914,303)	63,008,613
Net Assets						
Non-controlling interest	-	-	26,292,159	-	-	26,292,159
Unrestricted						
Board designated for affordable housing program	3,086,038	-	-	-	-	3,086,038
Undesignated	2,316,767	3,935,357	(230,541)	(62,913)	(35,243)	5,923,427
Temporarily restricted	1,205,386	294,363	10,708,541	-	(194,363)	12,013,927
Permanently restricted	1,152,245	-	-	-	-	1,152,245
Total net assets	7,760,436	4,229,720	36,770,159	(62,913)	(229,606)	48,467,796
Total liabilities and net assets	$ 25,098,876	$ 6,147,591	$ 85,752,203	$ 4,621,648	$ (10,143,909)	$ 111,476,409

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries
Consolidating Statement of Activities
For the Year Ended June 30, 2017

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Changes in Unrestricted Net Assets						
Revenue and Support						
Contributions	$ 2,011,021	$ 67,500	$ -	$ -	$ (62,396)	$ 2,016,125
Contract assistance payments	47,202,739	-	-	-	-	47,202,739
Grants - Neighbor Works America	569,488	-	-	-	-	569,488
Fee for service, contract administration fees	16,064,641	284,697	734,693	-	-	17,084,031
Program fees	527,000	2,047	81,470	610,511	(21,666)	1,199,362
Property and asset management fees	529,460	-	-	-	(451,689)	77,771
Developer fees	1,122,506	-	-	-	(1,122,506)	-
Lending interest income and fees	41,336	82,631	-	-	(44,358)	79,609
Investment income	6,926	517	13,595	27	-	21,065
Rental income	413,928	-	5,188,366	12,155	(11,775)	5,602,674
Gain/(loss) on sale of property	-	-	-	254,020	(254,020)	-
Release from restriction	374,486	50,000	105,666	-	-	530,152
Total revenue and support	68,863,531	487,392	6,123,790	876,713	(1,968,410)	74,383,016
Expenses						
Rental assistance	44,737,583	-	-	-	(11,775)	44,725,808
Client services	15,770,148	-	-	-	(21,666)	15,748,482
Small business lending	-	422,965	-	-	-	422,965
Home ownership services	716,303	-	-	-	-	716,303
Real estate development & property management	3,955,937	-	-	693,225	(1,212,104)	3,437,058
Rental properties	292,575	-	8,219,676	181,053	(504,482)	8,188,822
Fundraising	519,568	-	-	-	-	519,568
General and administrative	3,204,536	87,601	627,715	48,736	(699,074)	3,269,514
Total expenses	69,196,650	510,566	8,847,391	923,014	(2,449,101)	77,028,520
Change in unrestricted net assets	(333,119)	(23,174)	(2,723,601)	(46,301)	480,691	(2,645,504)

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries
Consolidating Statement of Activities – *Continued*
For the Year Ended June 30, 2017

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Changes in Temporarily Restricted Net Assets						
Contributions	$ 213,150	$ 194,363	$ -	$ -	$ (194,363)	$ 213,150
Release from restriction	(374,486)	(50,000)	(105,666)	-	-	(530,152)
Change in temporarily restricted net assets	(161,336)	144,363	(105,666)	-	(194,363)	(317,002)
Change in net assets	(494,455)	121,189	(2,829,267)	(46,301)	286,328	(2,962,506)
Less amounts attributed to noncontrolling interest	-	-	2,602,808	-	-	2,602,808
Change in net assets, controlling interest	$ (494,455)	$ 121,189	$ (226,459)	$ (46,301)	$ 286,328	$ (359,698)

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries

Consolidating Statement of Changes in Net Assets/(Deficit)

For the Year Ended June 30, 2017

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Net assets at beginning of year	$ 8,254,891	$ -	$ 37,118,543	$ (16,612)	$ (515,934)	$ 44,840,888
Capital contribution	-	-	2,485,883	-	-	2,485,883
Equity distribution	-	-	(5,000)	-	-	(5,000)
Acquired control of Common Capital, Inc.	-	4,108,531	-	-	-	4,108,531
Change in net assets	(494,455)	121,189	(2,829,267)	(46,301)	286,328	(2,962,506)
Net assets at end of year	$ 7,760,436	$ 4,229,720	$ 36,770,159	$ (62,913)	$ (229,606)	$ 48,467,796

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries

Consolidating Statement of Functional Expenses

For the Year Ended June 30, 2017

	Way Finders					Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries			
	Rental Assistance	*Client Services*	*Home Ownership*	*Real Estate Development & Property Mgmt.*	*Rental Properties*	*Small Business Lending*	*Rental Properties*	*Rental Properties*	*Real Estate Development & Property Mgmt.*	*Eliminations*	*Consolidated Program Services*
Expenses:											
Salaries	$ 2,526,765	$ 4,113,118	$ 383,701	$ 1,185,879	$ 5,980	$ 134,355	$ 875,643	$ 19,380	$ 488,696	$ (641,761)	$ 9,091,756
Payroll tax and fringe benefits	575,123	994,408	81,398	213,460	9,447	13,661	215,941	4,610	71,341	(107,965)	2,071,424
Employee training	27,158	23,050	15,795	28,052	-	445	2,137	-	-	-	96,637
Professional services	12,531	35,849	45,383	93,723	-	16,923	99,067	-	10,564	(21,666)	292,374
Contract services	128,711	687,147	56,264	38,710	-	-	36,631	-	162	-	947,625
Communications	18,281	58,370	3,063	5,291	-	1,020	55,504	1,457	-	-	142,986
Postage	65,024	16,112	4,235	3,485	-	197	5,770	-	-	-	94,823
Materials production	26,871	47,521	28,702	13,729	-	-	6,333	-	-	-	123,156
Program expense	818	2,703,391	2,262	25,146	-	1,616	1,187	-	-	-	2,734,420
Office supplies	34,814	38,772	4,759	17,510	-	3,969	10,888	232	-	-	110,944
Licenses, dues and fees	9,647	1,551	20,931	13,681	-	853	27,156	1,040	-	-	74,859
Travel	53,734	67,269	12,241	24,471	1,673	2,304	30,981	936	-	-	193,609
Audit expense	26,131	43,237	2,158	26,487	-	3,686	-	-	-	-	101,699
Legal expense	-	-	-	-	-	2,301	28,993	2,195	-	-	33,489
Insurance	-	43,344	-	2,527	15,144	932	277,870	7,397	1,210	-	348,424
Bad debt expense	300	-	-	2,069,982	-	117,072	51,207	865	-	(449,982)	1,789,444
Repairs and maintenance	-	7,691	-	5,338	45,960	109	956,118	8,114	-	-	1,023,330
Utilities	-	10,923	-	2,240	55,142	589	647,770	2,488	2,165	-	721,317
Recruitment	1,931	5,356	1,017	1,290	-	-	2,561	-	-	-	12,155
Other taxes	-	2,797	-	4,558	37,097	-	303,227	6,185	-	-	353,864
Interest	92	48,398	-	14,000	52,333	13,320	1,427,178	44,000	6,500	(341,787)	1,264,034
Provider reimbursement	52,629	-	-	-	-	-	-	-	-	-	52,629
Other expenses	4,035	-	464	21,033	-	98,639	52,531	82,154	10,498	-	269,354
Depreciation and amortization	-	6,116	-	-	69,799	333	3,098,368	-	-	(162,695)	3,011,921
Contract assistance disbursed	40,841,646	6,356,093	5,000	-	-	-	-	-	-	(11,775)	47,190,964
Computer operations	127,654	223,294	18,395	72,002	-	-	-	-	15,593	-	456,938
Occupancy	203,688	231,590	30,535	60,902	-	8,312	-	-	28,440	-	563,467
Grant expense	-	-	-	12,396	-	-	-	-	-	(12,396)	-
Other administrative expenses	-	4,751	-	45	-	2,329	6,615	-	58,056	-	71,796
Total expenses	$ 44,737,583	$ 15,770,148	$ 716,303	$ 3,955,937	$ 292,575	$ 422,965	$ 8,219,676	$ 181,053	$ 693,225	$ (1,750,027)	$ 73,239,438

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries

Consolidating Statement of Functional Expenses – *Continued*

For the Year Ended June 30, 2017

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries			Way Finders
	Administration	*Administration*	*Administration*	*Administration*	*Eliminations*	*Consolidated Administration*	*Fundraising*
Expenses:							
Salaries	$ 1,756,657	$ 30,332	$ -	$ -	$ -	$ 1,786,989	$ 260,730
Payroll tax and fringe benefits	307,648	25,030	-	-	-	332,678	52,528
Employee training	173,834	199	-	1,105	-	175,138	3,508
Professional services	302,302	5,138	-	-	-	307,440	50,205
Contract services	23,515	-	-	-	-	23,515	-
Communications	101,331	599	-	5,302	-	107,232	350
Postage	3,051	154	-	1,518	-	4,723	1,579
Materials production	60,895	-	-	1,248	-	62,143	46,542
Management fees	-	-	456,647	-	(451,689)	4,958	-
Program expense	72,905	-	-	-	-	72,905	39,393
Office supplies	6,729	1,541	-	9,801	-	18,071	2,883
Licenses, dues and fees	172,439	183	-	12,912	-	185,534	4,055
Travel	25,762	375	-	2,964	-	29,101	4,847
Audit expense	551	1,064	111,151	11,583	-	124,349	622
Legal expense	18,723	15,743	40,527	-	-	74,993	-
Insurance	53,395	533	-	-	-	53,928	-
Bad debt expense	4,700	-	-	-	-	4,700	-
Repairs and maintenance	57,513	36	-	-	-	57,549	-
Utilities	3,940	165	-	-	-	4,105	-
Recruitment	32,489	-	-	138	-	32,627	18,000
Other taxes	9,978	-	-	-	-	9,978	-
Interest	37,987	-	-	-	(3,022)	34,965	-
Other expenses	65,144	1,079	-	-	-	66,223	2,528
Depreciation and amortization	167,129	301	-	-	-	167,430	-
Computer operations	(314,218)	1,585	-	-	-	(312,633)	11,963
Occupancy	(180,155)	2,389	-	-	-	(177,766)	19,835
Grant expense	244,363	-	-	-	(244,363)	-	-
Other administrative expenses	(4,071)	1,155	19,390	2,165	-	18,639	-
Total expenses	$ 3,204,536	$ 87,601	$ 627,715	$ 48,736	$ (699,074)	$ 3,269,514	$ 519,568

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries
Consolidating Statement of Functional Expenses – *Continued*
For the Year Ended June 30, 2017

	Total Program Services	*Total Administration*	*Total Fundraising*	*Eliminations*	*Consolidated*
Expenses:					
Salaries	$ 9,733,517	$ 1,786,989	$ 260,730	$ (641,761)	$ 11,139,475
Payroll tax and fringe benefits	2,179,389	332,678	52,528	(107,965)	2,456,630
Employee training	96,637	175,138	3,508	-	275,283
Professional services	314,040	307,440	50,205	(21,666)	650,019
Contract services	947,625	23,515	-	-	971,140
Communications	142,986	107,232	350	-	250,568
Postage	94,823	4,723	1,579	-	101,125
Materials production	123,156	62,143	46,542	-	231,841
Management fees	-	456,647	-	(451,689)	4,958
Program expense	2,734,420	72,905	39,393	-	2,846,718
Office supplies	110,944	18,071	2,883	-	131,898
Licenses, dues and fees	74,859	185,534	4,055	-	264,448
Travel	193,609	29,101	4,847	-	227,557
Audit expense	101,699	124,349	622	-	226,670
Legal expense	33,489	74,993	-	-	108,482
Insurance	348,424	53,928	-	-	402,352
Bad debt expense	2,239,426	4,700	-	(449,982)	1,794,144
Repairs and maintenance	1,023,330	57,549	-	-	1,080,879
Utilities	721,317	4,105	-	-	725,422
Recruitment	12,155	32,627	18,000	-	62,782
Other taxes	353,864	9,978	-	-	363,842
Interest	1,605,821	37,987	-	(344,809)	1,298,999
Provider reimbursement	52,629	-	-	-	52,629
Other expenses	269,354	66,223	2,528	-	338,105
Depreciation and amortization	3,174,616	167,430	-	(162,695)	3,179,351
Contract assistance disbursed	47,202,739	-	-	(11,775)	47,190,964
Computer operations	456,938	(312,633)	11,963	-	156,268
Occupancy	563,467	(177,766)	19,835	-	405,536
Grant expense	12,396	244,363	-	(256,759)	-
Other administrative expenses	71,796	18,639	-	-	90,435
Total expenses	$ 74,989,465	$ 3,968,588	$ 519,568	$ (2,449,101)	$ 77,028,520

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries
Consolidating Statement of Cash Flows
For the Year Ended June 30, 2017

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:						
Change in net assets	$ (494,455)	$ 121,189	$ (2,829,267)	$ (46,301)	$ 286,328	$ (2,962,506)
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation and amortization	243,044	634	3,098,368	-	(162,695)	3,179,351
Non-cash contributions	(1,620,000)	-	-	-		(1,620,000)
Gain on sale of real estate	-	-	-	(254,020)	254,020	-
Bad debt expense	2,074,982	118,328	51,207	865	(449,982)	1,795,400
Recognition of imputed interest	38,851	-	113,738	-	-	152,589
Amortization of financing costs charged as interest expense	2,771	-	22,542	-	-	25,313
(Increase)/decrease in operating assets:						
Accounts receivable	739,310	(37,197)	(41,237)	(188,305)	(7,897)	464,674
Contribution receivable	-	(144,363)	-	-	194,363	50,000
Related party receivable	147,751	-	-	-	(147,751)	-
Small business loans receivable	-	(308,616)	-	-	(1,890)	(310,506)
Other loans receivable	(555,977)	-	-	-	-	(555,977)
Interest receivable	-	(4,213)	-	-	1,018	(3,195)
Prepaid expenses and other assets	137,536	12,423	(63,060)	-	-	86,899
Increase/(decrease) in operating liabilities:						
Accounts payable	40,217	(5,019)	(50,184)	153,168	-	138,182
Grants payable	194,363	-	-	-	(194,363)	-
Related party payable	-	51,370	(255,715)	56,594	147,751	-
Accrued expenses	(511,716)	48,705	(4,189)	(7,945)	7,897	(467,248)
Contract advances	1,561,104	-	-	-	-	1,561,104
Deferred revenue	(68,132)	1,042	(579,822)	-	-	(646,912)
Escrow liabilities	109,135	-	(323)	(3,330)	-	105,482
Accrued interest	-	-	852,323	-	(307,204)	545,119
Net cash provided by/(used in) operating activities	2,038,784	(145,717)	314,381	(289,274)	(380,405)	1,537,769

See accompanying notes to consolidating financial statements.

Way Finders, Inc. and Subsidiaries
Consolidating Statement of Cash Flows – *Continued*
For the Year Ended June 30, 2017

	Way Finders	Common Capital	Affordable Housing Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Cash Flows From Investing Activities:						
Purchase of investments	(448)	-	(864)	-	-	(1,312)
Proceeds from sale of investments	50,210	179	-	-	-	50,389
Proceeds from sale of tax credits	1,620,000	-	-	-	-	1,620,000
Proceeds paid on loans receivable	(2,069,982)	-	-	-	449,982	(1,620,000)
Payments received on loans receivable	17,884	-	-	-	(12,166)	5,718
Proceeds from sale of real estate	1,000,000	-	-	2,661,458	(2,661,458)	1,000,000
Purchase of real estate	-	-	(2,661,458)	-	2,661,458	-
Payment of work in progress costs	(201,071)	-	(5,434,642)	(1,594,718)	378,515	(6,851,916)
Purchase of fixed assets	(528,805)	(2,694)	(346,597)	(7,886)	-	(885,982)
Net cash provided by/(used in) investing activities	(112,212)	(2,515)	(8,443,561)	1,058,854	816,331	(6,683,103)
Cash Flows From Financing Activities:						
Payments on financing fees and other intangible assets	-	-	(6,320)	-	-	(6,320)
Proceeds from mortgages and notes payable	53,540	47,000	7,370,779	1,891,735	(449,982)	8,913,072
Payments on mortgages and notes payable	(1,204,846)	(48,687)	(1,454,516)	(2,568,768)	14,056	(5,262,761)
Contributed capital	-	-	2,485,883	-	-	2,485,883
Cash at time of acquisition of control	-	1,253,737	-	-	-	1,253,737
Equity distribution	-	-	(5,000)	-	-	(5,000)
Net cash provided by/(used in) financing activities	(1,151,306)	1,252,050	8,390,826	(677,033)	(435,926)	7,378,611
Net increase in cash	775,266	1,103,818	261,646	92,547	-	2,233,277
Cash at beginning of year	9,170,553	-	4,597,315	776,331	-	14,544,199
Cash at end of year	$ 9,945,819	$ 1,103,818	$ 4,858,961	$ 868,878	$ -	$ 16,777,476
Supplementary Disclosure of Cash Flow Information						
Cash paid for interest (net of $170,768 of capitalized interest)	$ 111,188	$ 13,320	$ 438,575	$ 50,500	$ (37,605)	$ 575,978
Cash paid for income taxes	$ -	$ -	$ -	$ 4,104	$ -	$ 4,104

See accompanying notes to consolidating financial statements.

1. The Organization

Way Finders, Inc. (Way Finders), formerly HAP, Inc., was incorporated in November 1972, under the provisions of Chapter 180 of the General Laws of the Commonwealth of Massachusetts for the purpose of assisting the social welfare of low and moderate-income persons. Way Finders' initial activity was the administration of an experimental, federally funded housing allowance project in the metropolitan Springfield area, in cooperation with the Commonwealth of Massachusetts. Since 1981, Way Finders' Articles of Organization requires that Way Finders' activities be exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954, as amended. During 2017, Way Finders changed its name from HAP, Inc. to reflect the expanded services Way Finders and its subsidiaries provide in the community. Way Finders' activities are conducted through both the charitable organization and subsidiaries which are described below.

Way Finders was chartered as a NeighborWorks® organization in October 2008. The affiliation with NeighborWorks® requires ongoing reporting and regular management reviews. It also provides opportunities for grants, capital funding and technical assistance, along with training slots for NeighborWorks® training institutes.

Way Finders, its subsidiaries and controlled entities (the Organization) provide assistance to the community under the following programs:

Rental Assistance

Rental assistance programs provide rent supplements to qualified low-income households under programs subsidized by federal and state funds. A variety of supportive services are provided to rental assistance participants.

Client Services

Client services include temporary shelter and supportive services for the homeless and transitional housing and supportive services for victims of domestic violence and other formerly homeless families. Way Finders provides a wide variety of information and referral services, housing counseling and education services for tenants as well as access to financial assistance to help families and individuals avoid homelessness. The services are funded through federal and state programs and private grants and donations.

Small Business Lending

Small business lending programs stimulate the local economy by providing small business loans and business assistance to low and moderate-income residents of Western Massachusetts who lack access to traditional financing arrangements.

1. ***The Organization*** *– Continued*

Home Ownership Services

Home ownership services include education and counseling for first-time homebuyers, post-purchase and foreclosure prevention counseling, and educational services for rental property owners. Way Finders also provides access to financial resources for down payment and closing costs, to address lead-paint hazards in the home, and for home modification loans for the disabled.

Real Estate Development & Property Management

Real estate development services include both new construction and purchase and rehabilitation of properties to provide affordable individual, single family and multi-family rental housing and affordable owner occupied housing. These activities are financed by accessing federal and state programs and private lenders. Property management services are provided to various affordable housing projects. Way Finders and its subsidiaries own a direct or indirect interest in most of the projects developed by Way Finders. These efforts are aimed at ensuring that the properties meet the needs of their low to moderate income residents as well as maintaining the financial viability of these properties in the future.

Rental Properties

Rental properties provide affordable housing to eligible tenants under short-term operating leases. Rental properties include properties wholly owned by Way Finders and its subsidiaries as well as partnerships that are controlled by Way Finders and its subsidiaries through general partner interests.

Principles of Consolidation

The Organization includes the following:

Common Capital, Inc.

Common Capital, Inc. was organized as a non-profit corporation to provide small business loans and business assistance to companies owned by low and moderate-income residents. Effective April, 1, 2017, the Organization acquired Common Capital, Inc. as a result of Way Finders becoming the sole member of Common Capital, Inc. through a Strategic Alliance Agreement. Common Capital, Inc.'s financial information has been included into the Organization's consolidating financial statements for the period April 1, 2017 through June 30, 2017. See Note 20 for more information.

1. The Organization – *Continued*

Affordable Housing Subsidiaries

HAP Community Housing Services, Inc. (HAP-CHS) is a wholly-owned subsidiary of Way Finders. HAP-CHS is a for-profit corporation, formed in August 1982 for the purpose of developing and operating affordable housing. HAP-CHS owns and operates Mountain View Apartments, an affordable housing apartment complex located in Hadley, Massachusetts. Additionally, HAP-CHS is a general partner in Dwight Clinton Joint Venture, which owns and operates Dwight Clinton Apartments. HAP-CHS's stock has no par value with 1,000 shares authorized and 700 shares issued and outstanding.

Southampton Housing for the Elderly, Inc. was organized in 1983 as a non-profit corporation, to provide elderly and disabled persons of low to very low income with housing facilities and services specifically designed to meet their needs in Southampton, Massachusetts. Southampton Housing for the Elderly, Inc.'s Board of Directors is made up of Way Finders' employees.

Stevens Senior Housing of Ludlow, Inc. was organized in 2010 as a non-profit corporation, to provide elderly persons of low income with housing facilities in Ludlow, Massachusetts. The majority of Stevens Senior Housing of Ludlow, Inc.'s Board of Directors is made up of members of Way Finders' Board of Directors and Way Finders' employees.

Butternut Properties Limited Partnership was formed on February 21, 2003, as a limited partnership to build, own, maintain and operate an affordable housing apartment complex located in Amherst, Massachusetts. The Partnership consists of one general partner, Butternut Housing, Inc. with a .01% share and one limited partner, Whitcombs Walnut LLC with a 99.99% share.

Dwight Clinton Joint Venture was formed in July 1987 as a joint venture to acquire, rehabilitate and operate a transitional and low income family apartment building in Holyoke, Massachusetts. Way Finders and HAP-CHS each own a 50% interest in Dwight Clinton Joint Venture.

Paradise Pond, LLC was formed as a single member LLC, owned by Way Finders, in May 2005 to acquire, rehabilitate and operate an affordable housing apartment complex located in Northampton, Massachusetts.

1. The Organization – Continued

The following entities were formed for the purpose of acquiring, rehabilitating and operating affordable housing properties in Western Massachusetts and are controlled by Way Finders though its subsidiary interests in general partner/managing member interests. The limited partner/member interests are reflected as non-controlling interests in the net assets section of the consolidating financial statements.

- CBA Housing Limited Partnership
- Church Street School Limited Partnership
- KenQuad Limited Partnership
- Live Pleasant Limited Partnership
- NewCourt Terrace LLC
- Olympia Amherst Limited Partnership
- Parsons Limited Partnership
- Verano Apartments Limited Partnership

Other Subsidiaries

MBL Housing and Development LLC (MBL) is a wholly owned subsidiary of Way Finders. MBL was acquired on July 1, 2015 and converted from an S Corporation to a single member LLC in August 2015. MBL provides consulting services to developers of affordable housing projects.

HAP Revitalization LLC was formed as a single member LLC, owned by Way Finders, in March 2009 for the purpose of acquiring real estate for neighborhood revitalization programs.

Neighborhood Collaborative LLC (the Collaborative) was originally formed as a single member LLC in April 2005 owned by Way Finders. In 2006, additional members were admitted. Way Finders remains the managing member and 51% owner. The Collaborative acquires real property in target areas to be developed by members of the Collaborative.

Chicopee Kendall LLC was formed as a sole member LLC, owned by Way Finders, in December 2008 for the purpose of acquiring the limited partnership interests in syndicated limited partnerships at the end of their tax credit compliance period. Additionally, Chicopee Kendall LLC acquires real estate property for the development of future affordable housing apartment complexes. At June 30, 2017, Chicopee Kendall LLC owns properties located on Mill Street in Agawam, Massachusetts and on Chestnut Street and Essex Street in Holyoke, Massachusetts.

1. The Organization – Continued

Fuller Future LLC was formed as a single member LLC, owned by Way Finders, in October 2015 for the purpose of acquiring and developing property located on Fuller Street in Ludlow, Massachusetts.

Whitcombs Walnut LLC was formed as a single member LLC, owned by Way Finders, in January 2010 for the purpose of acquiring the limited partnership interest in Butternut Properties Limited Partnership.

Butternut Housing, Inc. is a wholly owned subsidiary of HAP-CHS. Butternut Housing, Inc. is a for-profit corporation formed in February 2003 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Butternut Housing, Inc. is the general partner of Butternut Properties Limited Partnership with a 0.1% interest. Butternut Housing, Inc.'s stock has no par value with 15,000 shares authorized and 79 shares issued and outstanding.

CBA Charlton Housing, Inc. is a wholly owned subsidiary of Way Finders. CBA Charlton Housing, Inc. is a for-profit corporation formed in November 2008 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. CBA Charlton Housing, Inc. is the general partner of CBA Housing Limited Partnership with a 0.01% interest. CBA Charlton Housing, Inc.'s stock has no par value with 1,000 shares authorized and 79 shares issued and outstanding.

Kibbe Court, Inc. is a wholly owned subsidiary of HAP-CHS. Kibbe Court, Inc. is a for-profit corporation formed in July 2002 for the purpose of developing and operating affordable housing through its role as managing member in a limited liability company. Kibbe Court, Inc. is the managing member of NewCourt Terrace LLC with a 0.01% interest. Kibbe Court, Inc.'s stock has no par value with 15,000 shares authorized and 79 shares issued and outstanding.

Verano, Inc. is a wholly owned subsidiary of HAP-CHS. Verano, Inc. is a for-profit corporation formed in September 2004 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Verano, Inc. is the general partner of Verano Apartments Limited Partnership with a 0.01% interest. Verano, Inc.'s stock has no par value with 1,000 shares authorized and 79 shares issued and outstanding.

Belmont Byers LLC is a 79% owned subsidiary of Way Finders. Belmont Byers LLC was formed in November 2014 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Belmont Byers LLC is the general partner of KenQuad Limited Partnership with a 0.01% interest.

1. The Organization – Continued

Greenville Park LLC was originally formed as a single member LLC in April 2007, owned by Way Finders. An additional member was admitted in June 2009. Way Finders remains the managing member and 79% owner. Greenville Park LLC is the general partner of Church Street School Limited Partnership with a 0.01% interest.

Olympia Drive 85 LLC is a 79% owned subsidiary of Way Finders, Inc. Olympia Drive 85 LLC was formed in May 2013 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Olympia Drive 85 LLC is the general partner of Olympia Amherst Limited Partnership with a 0.01% interest.

Parsons Village LLC is a 51% owned subsidiary of Way Finders, Inc. Parsons Village LLC was formed in January 2014 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Parsons Village LLC is the general partner of Parsons Limited Partnership with a 0.01% interest.

Pleasant Crossings LLC is a 79% owned subsidiary of Way Finders, Inc. Pleasant Crossings LLC was formed in August 2016 for the purpose of developing and operating affordable housing through its role as general partner in a limited partnership. Pleasant Crossings LLC is the general partner of Live Pleasant Limited Partnership with a 0.01% interest.

2. Summary of Significant Accounting Policies

Accounting Method

The Organization uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

During 2017, the Organization adopted the provisions of Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). Under this new accounting policy, the Organization has retrospectively presented all financing costs as a direct deduction from the carrying amount of the related debt in the balance sheet. Amortization of the financing costs is calculated using the straight-line method and is included as a component of interest expense. The effects of the retrospective application of the accounting change on the year ended June 30, 2016 is to decrease total assets and long term liabilities by $457,480 in the consolidating statement of financial position. Other than this reclassification, the adoption of ASU 2015-03 did not have a material impact on the Organization's financial position, results of operations or cash flows.

2. Summary of Significant Accounting Policies – *Continued*

Revenue Recognition

Revenue is recognized from fixed price or unit based contracts when services have been rendered. Revenue is recognized from cost reimbursement agreements when expenses are incurred up to the contract award. Contract proceeds in advance of being earned are recorded as contract advances or deferred income. Amounts earned in excess of contract proceeds are recorded as accounts receivable. Expenses are recognized when services or goods are incurred or received, respectively.

Way Finders also manages the day-to-day operations of various federal and state subsidy programs on behalf of local landlords and tenants. Way Finders bills each federal and state agency monthly and, in turn, distributes these funds to the landlords. Funds which are received in advance of the month to which they apply are recorded as contract advances in the accompanying consolidating financial statements.

Way Finders recognizes revenue from services provided to real estate projects under development. Development overhead reimbursements are recognized in the amount of reimbursable costs incurred discounted for the risk the project will not receive financing to pay for the services. Development fees are recognized based on the ratio of development costs incurred to total budgeted development costs starting when a development services agreement is executed.

Rental income, principally from short-term leases on apartment units, is recognized on a monthly basis as the rents become due. Rental payments received in advance are deferred until earned. All leases between the Organization and its tenants are operating leases.

Net Asset Classification

Net assets of the Organization are classified into three categories based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets
Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations. The Board of Directors has discretionary control over all of these net assets and may elect to designate such resources for specific purposes. This designation may be removed at the Board's direction.

Temporarily Restricted Net Assets
Temporarily restricted net assets represent net assets subject to donor-imposed or grant stipulations for specific operating or capital purposes. These assets will become unrestricted when the requirements of the donor or grantor have been satisfied either by expenditure for the specified purpose or program or through the passage of time.

2. Summary of Significant Accounting Policies – Continued

Permanently Restricted Net Assets
Permanently restricted net assets represent net assets subject to donor-imposed stipulations required to be maintained permanently by Way Finders. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined in accordance with the gift instruments.

Contributions, Gifts and Grants

The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Grant income from interest-free and below market rate loans is recorded as temporarily restricted and recognized at the amount by which the principal loan exceeds the net present value of the amount due at maturity. The related temporarily restricted net asset is amortized to interest expense over the life of the loan using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in the Organization's cash accounts and all highly liquid investments with an original maturity of three months or less.

Restricted cash and cash equivalents consists of cash received under contracts with contract imposed restrictions, revolving loan funds, capital project funds, client funds held in trust, and mortgagor restricted escrows and funded reserves. All restricted cash is required to be held in separate accounts.

2. Summary of Significant Accounting Policies – *Continued*

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and accounts receivable are charged off when deemed uncollectible. At June 30, 2017, the Organization has not established any allowance for uncollectible accounts because, based upon past experience, all amounts are considered collectible.

Loans Receivable

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is increased by charges to bad debt expense and decreased by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on loan terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the loan terms. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

Loans are placed on non-accrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on non-accrual loans is recognized only to the extent cash payments are received. Costs and fees associated with the issuance of loans are expensed in the period incurred.

Investments

The Organization accounts for its investments in non-controlled entities with voting rights using the equity method of accounting. Under the equity method, the investment is carried at cost and adjusted for the Organization's share of income, losses, additional investments, and cash distributions from the entities. The Organization ceases recognition of losses for financial statement purposes once the cost of the investment is reduced to zero. Changes in the value of the investments, which are other than temporary, are recognized as necessary.

Other investments in non-controlled entities are accounted for using the cost method. Changes in the value of the investments, which are other than temporary, are recognized as necessary.

2. Summary of Significant Accounting Policies – *Continued*

Certificates of deposits (CD's) are investments that are not debt or equity securities and are recorded at cost. CD's with an original maturity less than one year are classified as current assets on the consolidating statement of financial position.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. The Organization capitalizes all expenditures for furniture, equipment, and leasehold improvements with a useful life of more than one year and a cost of over $1,000. Depreciation expense totaled $3,096,809 for the year ended June 30, 2017. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Estimated useful lives are as follows:

Building	20 – 40 years
Improvements	5 – 40 years
Furniture & equipment	3 – 10 years
Software	3 years

Long lived assets, such as buildings are reviewed on an ongoing basis for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated by the asset including any estimated proceeds from the eventual disposition of the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2017, management has determined that there has been no impairment of the long lived assets.

Management uses the direct expense method to account for planned major maintenance activities, under which actual costs incurred are expensed directly when maintenance is performed.

Work in Progress

In connection with its real-estate development activities, the Organization capitalizes all pre-acquisition, acquisition, development and construction costs as work in progress.

The Organization follows the policy of capitalizing interest on notes financing the construction of projects to be sold as a component of work in progress. If a project is abandoned, the costs are charged to expense in the year of abandonment. Work in progress of $9,488,005 is reflected at cost, which approximates net realizable value. Work in progress is pledged as collateral for the related loans (Note 10).

2. Summary of Significant Accounting Policies – *Continued*

Amortization

Costs associated with the Way Finders' strategic plan and its subsidiaries' acquisition of the tax credits totaling $643,862 are recorded at cost and amortized over their estimated useful live. Amortization expense for the year ended June 30, 2017 was $82,542. Estimated amortization expense for the next five years is:

Fiscal Year	*Amount*
2018	$84,956
2019	$58,246
2020	$18,996
2021	$18,996
2022	$18,996

Financing Costs

Financing costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of financing costs is reported as a component of interest expense and is computed using the straight-line method over the related mortgage notes terms.

Advertising Costs

The Organization expenses advertising costs when they are incurred.

Below Market Loans

Section 42 of the Internal Revenue Code governs the administration of the Low Income Housing Tax Credit (LIHTC), a tax incentive created to foster a legislated public policy directive of the United States of America to create affordable low income housing. Some of Way Finders' subsidiaries were formed in order to create low income housing in order to generate LIHTC.

Other governmental entities having a similar policy have lent money to these subsidiaries at advantageous terms. These subsidiaries have not discounted their below market interest rate loans as they were made at arm's length and to preserve the integrity of costs eligible for the LIHTC.

Way Finders and its subsidiaries discount below market loans to their present value when proceeds are received. The excess of proceeds over their present value are recognized as grant income. The discounts on below market loans are amortized to interest expense over the lives of the loans.

2. ***Summary of Significant Accounting Policies*** – *Continued*

Income Taxes

Way Finders, Common Capital, Inc., Southampton Housing for the Elderly, Inc., and Stevens Senior Housing of Ludlow, Inc. are exempt from income taxes as non-profit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code and are also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the year ended June 30, 2017, these entities had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these consolidating financial statements. Way Finders' for-profit subsidiaries file separate income tax returns.

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

Regarding Way Finders' partnership subsidiaries, no provision has been made for Federal or state income taxes since each partner or member includes its pro-rata share of net income or loss in its return.

The Organization evaluates tax positions taken or expected to be taken in its tax returns and in its subsidiaries' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. At June 30, 2017, Way Finders believes that it has no uncertain tax positions within its tax returns or within any of its subsidiaries' open tax returns (2014-2016).

Estimates

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs based on direct charges, personnel time estimates, space utilization and number of housing units administered.

3. Restricted Cash and Restricted Investments

Restricted cash and restricted investments consist of the following:

	Cash	*Investments*
Federal rental assistance	$ 3,561,430	$ -
State rental assistance	1,271,971	-
Capital projects fund	898,247	-
Unadvanced loan program proceeds	884,273	-
Client deposits held in trust	653,708	-
Mortgage escrows and reserves	4,184,681	221,061
Small business lending & revolving loan fund	688,102	-
Total	$ 12,142,412	$ 221,061

4. Investments

Equity Method Investments

Common Capital, Inc.'s investment in CTI Energy Services, LLC is accounted for using the equity method because Common Capital, Inc. has voting rights on CTI Energy Services, LLC's Management Board. Common Capital initially contributed $50,000 for a 2.34% ownership interest. Common Capital, Inc.'s share of net income for the year ended June 30, 2017 was $1,865. At June 30, 2017, the investment in CTI Energy Services, LLC was $40,729.

Cost Method Investment

The Organization holds several CD's with original maturities greater than three months. The CD's accrue interest at rates ranging from 0.03% to 0.60% and mature between July 2, 2017 and June 24, 2018. At June 30, 2017, the CD's balance was $414,014.

Way Finders invested $51,510 for a 1% subscriber's interest in HPI Holding Company, Inc. (HPI). Way Finders along with various other unrelated entities entered into a contractual agreement to form HPI, a Vermont insurance company. Way Finders purchases its liability insurance through HPI. The investment in HPI Holding, Inc. is valued at cost due to the lack of information that can be used to approximate the fair value. Management annually receives audited financial statements and performs an assessment of any possible impairment. As of June 30, 2017, management has determined that no such impairment exists.

Common Capital, Inc. purchased 498 shares of Real Pickle Cooperative Inc.'s preferred stock for $12,450. At June 30, 2017, the investment is carried at its original cost of $12,450.

5. Accounts Receivable

Accounts receivable consist of the following:

Description	*Amount*
HomeBase program	$ 488,925
Continuum of care program	93,471
Family shelter services program	676,323
Development consulting	380,429
Tenant and subsidy rental income	79,187
Federal rental assistance programs	128,099
Small business lending program	71,210
Safe step program	43,291
Property and asset management services	99,930
Housing consumer education center program	186,394
Other	258,178
Accounts receivable	$ 2,505,437

6. Small Business Loans Receivable

At June 30, 2017, Common Capital, Inc. has $4,731,715 of notes receivable less an allowance for loan losses of $375,607. The loans accrue interest at rates between 2% and 10.75% and mature at various times through September 2033. Loan balances totaling $1,645,199 are pledged as security for Common Capital, Inc.'s notes payable described in Note 10.

The following table presents informative data by portfolio regarding the age of small business loans receivable at June 30, 2017:

Small business loans receivable:	
Current	$ 4,690,233
Past due:	
30-60 days	-
61-90 days	41,482
> 90 days	-
Total past due	41,482
Total small business loans receivable	$ 4,731,715

At June 30, 2017, no small business loans are deemed to be impaired.

6. Small Business Loans Receivable – *Continued*

Allowance for Loan Losses

Common Capital, Inc. uses an internal risk rating and loan loss reserve methodology to better measure the impact of changes in market conditions, borrower capacity and collateral condition in order to calculate its annual loan loss reserve amount. The reported loan loss reserve for the year ended June 30, 2017 reflects this methodology. All loans are evaluated individually. Each class of loan requires judgment to determine the estimation method that fits the credit risk characteristics within the portfolio. There were no changes in Common Capital, Inc.'s accounting policies and practices during the year.

Common Capital, Inc. estimates loan losses using an internally developed risk review method applied to all performing loans which considers the loan-to-value, lien priority, historical loss experience, or other factors that could impact the probability of default and potential loss. Management applies judgment to develop its own view of loss probability within the portfolios with the objective of establishing an allowance for the losses within the portfolios as of the reporting date.

Reflected in the portions of the allowance is an amount for uncertainty and imprecision in determining allowance valuations. It is the practice of Common Capital, Inc. to charge off any loan when the loan is determined to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's continued deteriorating financial position, the loan to value has changed significantly, the underlying collateral has depleted, or for other subjective factors. No single statistic or measurement determines the adequacy of the allowance for loan losses. Changes in the allowance for loan losses and the related provision expense can have a material impact on the change in net assets.

Activity in the allowance for loan losses is as follows:

Balance on April 1, 2017	$ 542,208
Provision for losses	118,325
Recoveries	(1,253)
Loans charged off	(283,673)
Balance on June 30, 2017	$ 375,607

6. *Small Business Loans Receivable – Continued*

Credit Quality Information

Risk ratings are used to assess individual credit risk and as a tool in assessing overall portfolio risk. Risk ratings are used by Common Capital, Inc. to capture business risk and viability. Historical financial performance and collateral protection are not considered material drivers of risk rating until such time as a loan appears to have reduced viability. In the event of a question of viability, the loan loss reserve may be set separately from the risk rating in order to capture loss potential. The internal risk ratings are as follows:

Rating	*Description of Creditworthiness*	*Assigned Loan Loss Percentage*
1	Viability of collection is very high	3%
2	Viability of collection is high	6%
3	Viability of collection is good but subject to external factors	12%
4	Viability of collection is subject to external factors	20%
5	Reasonable change of effecting a turnover or restructuring	50%
6	Probability of turnaround is low	75%
7	Loss status; business assets liquidated	100%

The recorded small business loans receivable by credit quality indicator as of June 30, 2017 is as follows:

Risk rating 1	$ 1,738,257
Risk rating 2	2,169,634
Risk rating 3	392,333
Risk rating 4	234,944
Risk rating 5	155,065
Risk rating 6	41,482
Risk rating 7	-
Total mortgage notes	$ 4,731,715

The information used to internally rate the small business loans was updated as of June 30, 2017. As necessary, adjustments are made to Common Capital, Inc.'s method of estimating the allowance for loan losses.

7. Other Loans Receivable

Home Modification Loan Program

Way Finders has an agreement with the Community Economic Development Assistance Corporation (CEDAC) to administer a home modification loan program (HMLP) which offers loans of $30,000 or less to eligible property owners. Under HMLP, loans are made to finance modifications to homes to provide for the needs of elders or persons with disabilities. The loans are secured by promissory notes and mortgages on borrower's homes and carry annual interest rates of 0% to 3%. The majority of these loans are interest-free. With repayment required when the property is sold or the title is transferred. 0% and 3% amortized loans do not require monthly payments, with repayment required between 5 and 15 years depending on the loan amount.

Proceeds from repayment of loans will be used to make new loans under HMLP. Upon termination of the HMLP contract, all assets of HMLP are to be returned to CEDAC.

At June 30, 2017, Way Finders was servicing $6,515,365 outstanding HMLP loans with 266 homeowners and $729,530 of program funds were in a restricted cash account for future lending. At June 30, 2017, the total program assets under the HMLP was $7,244,895.

Hunter Place Apartments Limited Partnership

The rights to Hunter Place Apartments Limited Partnership's Massachusetts low-income housing tax credits were donated to Way Finders in 2016. Way Finders sold these tax credits to Clocktower Tax Credits, LLC for $1,350,186. Way Finders subsequently loaned the sales proceeds back to Hunter Place Apartments Limited Partnership. The note is secured by the apartment complex, accrues interest at 0.01% compounded annually, and matures on December 31, 2054. At June 30, 2017, the outstanding loan balance was $1,350,186. Way Finders has fully allowed against the outstanding loan balance and has not recognized accrued interest income due to the length of the maturity period and the loan's repayment priority.

Chapin School Veterans Housing LLC

The rights to Chapin School Veterans Housing LLC's Massachusetts low-income housing tax credits and Massachusetts historic tax credits were donated to Way Finders in 2017. Way Finders sold these low-income and historic tax credits to Quincy Mutual Fire Insurance Company for $760,000 and $890,000, respectively. Way Finders subsequently loaned sales proceeds of $730,000 and $890,000 back to Chapin School Veterans Housing LLC. The notes are secured by the apartment complex, accrue interest at 0.01% compounded annually, and mature on December 31, 2055. At June 30, 2017, the outstanding loan balances were $730,000 and $890,000. Way Finders has fully allowed against the outstanding loan balances and has not recognized accrued interest income due to the length of the maturity period and the loans' repayment priority.

7. Other Loans Receivable – Continued

Iglesia de Dios Pentecostal El Sinari

On August 3, 2015, Way Finders sold a parcel of land on Union Street in Springfield, Massachusetts to Iglesia de Dios Pentecostal El Sinari (the Church) for $40,000. The Church paid $10,000 in cash and financed the remaining amount with a $30,000 note payable to Way Finders. Payments of principal plus interest at 4% per annum began in September 2015. Any unpaid principal and accrued interest is due upon the note's maturity on August 1, 2020. At June 30, 2017, the outstanding loan receivable balance was $19,689.

8. Contract Advances

Contract advances consist of the following:

Description	*Amount*
Federal rental assistance programs	$ 3,007,809
Massachusetts rental assistance programs	1,497,633
Home modification loan program	7,244,894
HomeBase program	292,299
Other	140,101
Total contract advances	$ 12,182,736

9. Deferred Revenue

Deferred revenue consists of the following:

Description	*Amount*
Tax credit exchange funds	$ 5,127,857
Supportive housing program	76,370
Other	9,916
Total deferred revenue	$ 5,214,143

10. Mortgages and Notes Payable

Mortgages and notes payable consist of the following at June 30, 2017:

	Amortizing	Non-amortizing
Way Finders, Inc.:		
Operations:		
Line of credit to Cooperative Fund of New England, maximum loan amount is $1,000,000, interest accrues at 5.5% and is payable monthly through November 15, 2020. The line of credit is secured by real property on Prospect Street in Springfield, Massachusetts, certain equipment and accounts receivable.	$ 725,885	$ -
Note payable to the Trustees for the Diocese of Western Massachusetts, bearing interest at 4% and payable in quarterly payments of interest only. The principal and all accrued but unpaid interest shall be due in full on December 1, 2017.	350,000	-
Note payable to the former president and owner of MBL, bearing interest at 3%. The note is payable in annual principal installments of $62,500 and interest accrued through June 2019.	187,500	-
Note payable to CEDAC approved up to $400,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at NewCourt Terrace in Springfield, Massachusetts.	-	53,540
Earle Street Apartments:		
Mortgage note payable to Massachusetts Housing Partnership Fund, payable in monthly installments of $1,690, including principal and interest at 7.25% and matures on December 31, 2026. The note is secured by the apartment complex.	182,225	-
Mortgage note payable to Massachusetts Housing Partnership Fund. The note is non-interest bearing requiring no payments until December 31, 2027 and is secured by the apartment complex. The note is reflected net of unamortized discount of $45,102 (effective rate of 4.41%) with a face amount of $121,864.	-	76,762

10. Mortgages and Notes Payable – Continued

	Amortizing	*Non-amortizing*
Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on January 7, 2037. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of $116,581 (effective rate of 4.41%) with a face amount of $202,345.	$ -	$ 85,764
The Lorraine:		
Mortgage note payable to CEDAC under the Housing Innovations Fund II Program. The note is non-interest bearing and will be repaid out of surplus cash. The unpaid balance and accrued interest are due upon the sale or refinancing of the underlying property but no later than March 8, 2030. The note is secured by the apartment complex and an assignment of leases and rents. The note is reflected net of unamortized discount of $341,610 (effective rate of 9.05%) with a face amount of $500,000.	-	158,390
Mortgage note payable to the Commonwealth of Massachusetts Department of Housing and Community Development (DHCD) under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until April 24, 2030, provided the intended use of the property does not change. The note is secured by the apartment complex and an assignment of leases and rents. The note is reflected net of unamortized discount of $342,795 (effective rate of 9.05%) with a face amount of $500,000.	-	157,205
Mortgage note payable to the City of Northampton, due March 14, 2030, with an option for a ten year extension. The note is non-interest bearing, does not require any payments until the due date, and is secured by the apartment complex. The note is reflected net of unamortized discount of $116,147 (effective rate of 9.05%) with a face amount of $170,000.	-	53,853

10. Mortgages and Notes Payable – Continued

		Amortizing		Non-amortizing
Common Capital, Inc.:				
Line of credit to TD Bank with a maximum loan amount of $1,500,000 and interest accrues at the Wall Street Journal prime rate (4.25% at June 30, 2017). Funds from this line are to be used to issue small business loans which serve as collateral to secure the line. The line is due on demand except that any outstanding balances on loans issued from this line shall be repaid as the loans are repaid to Common Capital, Inc.	$	370,255	$	-
Note payable to U.S. Small Business Administration, payable in monthly installments of $3,469 including interest of 2%, and matures February 20, 2019. Interest is reviewed periodically and adjusted to either 2% or 1.25% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.		67,878		-
Note payable to U.S. Small Business Administration, payable in monthly installments of $2,460 including interest of 2.375%, and matures February 4, 2020. Interest is reviewed periodically and adjusted to either 2.375% or 1.125% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.		171,206		-
Note payable to U.S. Small Business Administration, payable in monthly installments of $3,424 including interest of 1.75%, and matures November 11, 2025. Interest is reviewed periodically and adjusted to either 1.75% or 0.5% based on the loan portfolio balances held by Common Capital, Inc. The note is secured by an interest in the micro loans issued and by the funds held in Microloan Revolving Loan Funds.		313,656		-
Note payable to the Sisters of Charity of St. Elizabeth, bearing interest at 1% and payable in annual payments of interest only. The principal and all accrued but unpaid interest shall be due in full on March 30, 2021.		25,000		-

10. *Mortgages and Notes Payable – Continued*

	Amortizing	*Non-amortizing*
Note payable to the Trustees for the Diocese of Western Massachusetts, bearing interest at 4% and payable in quarterly payments of interest only. The principal and all accrued but unpaid interest shall be due in full on February 20, 2018.	$ 100,000	$ -
Notes payable consisting of loans from various organizations, trusts and individuals. These parties have chosen to lend to Common Capital, Inc. to support the Community First Fund. Interest of 2% is due and payable semi-annually. Principal is due and payable on the third anniversary of the date of the agreements, unless the investor elects to renew the loan for an additional three year term or donate the principal and/or interest to Common Capital, Inc.. These notes are unsecured.	728,842	-
Affordable Housing Subsidiaries:		
Butternut Properties Limited Partnership:		
Mortgage note payable to DHCD under the HOME Investment Partnership Program. The note is non-interest bearing requiring no payments until March 8, 2041 and is secured by the apartment complex . The note is reflected net of unamortized discount of $553,506 (effective rate of 7%) with a face amount of $683,073.	-	129,567
Mortgage note payable to DHCD administered by the Massachusetts Housing Finance Agency (MHFA) under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until March 8, 2041 and is secured by the apartment complex. The note is reflected net of unamortized discount of $809,418 (effective rate of 7%) with a face amount of $1,000,000.	-	190,582
Dwight Clinton Joint Venture:		
Mortgage note payable to DHCD under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until May 13, 2029. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of $324,334 (effective rate of 8.81%) with a face amount of $500,000.	-	175,666

10. *Mortgages and Notes Payable – Continued*

	Amortizing	*Non-amortizing*
Mortgage note payable to DHCD under the HOME Investment Partnership Program. The non-interest bearing loan requires no payments until August 2035, at which time the outstanding balance is due. The loan is reflected net of unamortized discount of $79,168 (effective rate of 9.86%) with a face amount of $95,151. The note is secured by the apartment complex and assignment of certain leases and rents.	$ -	$ 15,983
Mountain View Apartments of HAP-CHS:		
Mortgage notes payable to the United States Department of Agriculture (USDA), Rural Development Agency, bearing interest at 8.5%, payable in monthly installments of $8,359 to maturity, June 1, 2037. The notes are secured by a mortgage on the apartment complex and assignment of certain leases and rents. The Project receives a monthly interest subsidy in the amount of $5,899, for a reduced monthly loan payment of $2,460.	961,814	-
Mortgage note payable to Massachusetts Housing Partnership Fund Board under Housing Stabilization Fund Program. The note is non-interest bearing with no payments due until the maturity date of April 28, 2033. The note is carried net of unamortized discount of $456,958 (effective rate of 9.05%) with a face amount of $600,000. The note is secured by the apartment complex and assignments of certain leases and rents.	-	143,042
Paradise Pond LLC:		
Mortgage note payable to Massachusetts Housing Partnership Fund, payable in monthly installments of $650, including interest at 6.1%, and matures October 31, 2026. The loan is secured by the apartment complex.	75,268	-
Mortgage note payable to Massachusetts Housing Partnership Fund, bearing interest at 2%, payable in monthly interest payments only. The note is due October 31, 2026, and is secured by the apartment complex.	134,263	-

10. Mortgages and Notes Payable – Continued

	Amortizing	*Non-amortizing*
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until August 15, 2035. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of $575,742 (effective rate of 7.5%) with a face amount of $775,000.	$ -	$ 199,258
Mortgage note payable to DHCD under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until August 15, 2055. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of $673,790 (effective rate of 7.5%) with a face amount of $775,000.	-	41,210
Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on August 15, 2035. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of $631,458 (effective rate of 7.5%) with a face amount of $850,000.	-	218,542
Southampton Housing for the Elderly, Inc.:		
The Organization has a thirty-five year 2.6% HUD insured mortgage note payable to Walker and Dunlop LLC. The note requires monthly payments for principal and interest of $11,881. The final payment is due February 1, 2032. The note is secured by the apartment complex and assignment of certain leases and rents. The outstanding principal balance at June 30, 2017 was $3,005,459.		
Financing costs of $140,307 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 2.73%. Accumulated amortization at June 30, 2017 was $18,038.	2,883,190	-

10. *Mortgages and Notes Payable – Continued*

	Amortizing	*Non-amortizing*
Stevens Senior Housing of Ludlow, Inc.:		
Partnership Program. The note is non-interest bearing requiring no payments until September 25, 2044. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$296,554 (effective rate of 4.61%) with a face amount of \$415,000.		
Financing costs of \$14,302 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.37%. Accumulated amortization at June 30, 2017 was \$1,311.	\$ -	\$ 105,455
Mortgage note payable to DHCD under the Housing Stabilization Fund Program. The note is non-interest bearing requiring no payments until September 25, 2064. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$882,093 (effective rate of 4.61%) with a face amount of \$994,744.		
Financing costs of \$34,282 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.27%. Accumulated amortization at June 30, 2017 was \$1,886.	-	80,255
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program. The note is non-interest bearing requiring no payments until September 25, 2054. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of \$819,845 (effective rate of 4.61%) with a face amount of \$1,000,000.		
Financing costs of \$34,462 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.5%. Accumulated amortization at June 30, 2017 was \$2,370.	-	148,063

10. Mortgages and Notes Payable – Continued

	Amortizing	*Non-amortizing*
Mortgage note payable to CEDAC, non-interest bearing, payable annually to the extent that cash receipts exceed 105% of cash disbursements. Any remaining unpaid principal is due and payable on September 25, 2044. The note is secured by the apartment complex and assignment of certain leases and rents. The note is reflected net of unamortized discount of $214,376 (effective rate of 4.61%) with a face amount of $300,000.		
Financing costs of $10,339 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 5.37%. Accumulated amortization at June 30, 2017 was $948.	$ -	$ 76,233
CBA Housing Limited Partnership:		
Mortgage note payable to USDA Rural Development is payable in monthly installments of $2,876, net of a monthly subsidy of $3,164 and bears interest at 4.875% per annum. The agreement provides for an interest subsidy making the effective rate 1% over the life of the note. Final payment is due in January 22, 2060, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	1,298,813	-
Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues no interest except on delinquent payments. The note is payable on November 21, 2040, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2017 was $715,000.		
Financing costs of $13,028 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 0.06%. Accumulated amortization at June 30, 2017 was $3,113.	-	705,085

10. Mortgages and Notes Payable – Continued

	Amortizing	*Non-amortizing*
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on November 21, 2040, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2017 was $1,000,000.		
Financing costs of $18,222 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 0.06%. Accumulated amortization at June 30, 2017 was $4,353.	$ -	$ 986,131
Church Street School Limited Partnership:		
Mortgage note payable to USDA Rural Development is payable in monthly installments of $2,123, net of a monthly subsidy of $2,691 and bears interest at 5.375% per annum. The agreement provides for an interest subsidy making the effective rate 1% over the life of the note. Final payment is due on October 1, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	956,064	-
Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues interest at a rate of 7.50% compounded annually. All interest and principal due under this note are payable on May 24, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	243,890
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund, accrues interest at a rate of 7.50% compounded annually. All interest and principal due under this note are payable on May 24, 2038, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	733,960

10. Mortgages and Notes Payable – Continued

	Amortizing	Non-amortizing
KenQuad Limited Partnership:		
A mortgage note payable to MHP is secured by the real estate and personal property in the original amount of $650,000. Monthly payments of interest at a rate equal to the LIBOR daily floating rate plus 2.25% are due through the July 1, 2017. Thereafter, the note requires monthly principal and interest payments of $3,470, bears an interest rate of $4.95% per annum, and matures in June 2034. The outstanding principal balance at June 30, 2017 was $650,000.		
Financing costs of $76,257 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 3.24%. Accumulated amortization at June 30, 2017 was $2,764.	$ 576,507	$ -
Mortgage note payable under the HOME Investments Partnership Program through DHCD and the City of Springfield bearing simple interest at a rate of 1% interest per annum. The note and accrued interest are due and payable in full on June 16, 2047, net of amortized discount of $440,288 (effective rate of 2.5%) with a face amount of $1,127,000. The note is secured by the apartment complex and assignment of certain leases and rents.	-	686,732
Mortgage note payable under the HOME Investments Partnership Program through DHCD and the City of Springfield bearing simple interest at a rate of 1% interest per annum. The note and accrued interest are due and payable in full on June 16, 2047, net of amortized discount of $169,942 (effective rate of 2.5%) with a face amount of $435,000. The note is secured by the apartment complex and assignment of certain leases and rents.	-	265,058
Mortgage note payable to Valley Community Development Corporation funded through the sale of the Project's Massachusetts low-income housing tax credits. The note bears interest at 2.5% compounded annually. Unpaid principal and interest is due December 2065. The note is secured by a mortgage on the apartment complex.	-	1,128,125

10. *Mortgages and Notes Payable – Continued*

	Amortizing	*Non-amortizing*
Mortgage note payable to Valley Community Development Corporation funded through the sale of the Project's Massachusetts historic rehabilitation tax credits. The note bears interest at 2.5% compounded annually. Unpaid principal and interest is due December 2065. The note is secured by a mortgage on the apartment complex.	$ -	$ 1,979,731
Live Pleasant Limited Partnership		
Easthampton Savings Bank provided construction funding of $8,480,710 with interest at a rate of 4% per annum fixed for the term of the loan. The note requires interest only payments thru the construction period. At the end of the construction period a principal payment is due to reduce the principal balance to $2,314,310 with monthly payments of principal and interest required for the subsequent 30 years thereafter. The apartment complex is pledged as collateral for the mortgage.	1,529,765	-
Mortgage note payable to DHCD under the Housing Stabilization Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2066, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	450,000
Mortgage note payable to CEDAC under the Housing Preservation and Stabilization Trust Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2066, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	1,425,000
Mortgage note payable to CEDAC under the Housing Innovations Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2066, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	-	900,000

10. Mortgages and Notes Payable – Continued

	Amortizing	*Non-amortizing*
Mortgage note payable to CEDAC under the Facilities Consolidation Fund Program and accrues interest at a rate of 1% compounded annually. All interest and principal due under this note are payable on December 16, 2066, or upon the occurrence of an event of default or the sale or other transfer of the Project. The note is secured by a mortgage on the apartment complex and assignment of certain leases and rents.	$ -	$ 636,300
New Court Terrace LLC:		
Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues interest compounded annually at a rate of 5.75% per annum. All interest and principal due under this note are payable on October 2, 2033, or upon the occurrence of an event of default, as specified in the loan agreement. The apartment complex is pledged as collateral for the mortgage.	-	550,000
Mortgage note payable to the City of Springfield Office of Housing and Neighborhood Services under the Lead Hazard Abatement Program, accrues interest at a rate of 5.75% per annum. All interest and principal due under this note are payable October 2, 2023, or on demand if the premises are not used as required in Section 3 of the loan agreement. The apartment complex is pledged as collateral for the mortgage.	-	220,000
Mortgage note payable to the City of Springfield Community Development Department under the HOME Investment Partnership Program, accrues interest thereon compounded annually at a rate of 6.50% per annum. All interest, principal, and other payments due under this note are payable July 25, 2042, or upon sale or refinance of the Project. The apartment complex is pledged as collateral for the mortgage.	-	450,000
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues interest at a rate of 5.00% per annum. All interest and principal due under this note are payable on October 1, 2033, or upon the occurrence of an event of default or the sale or other transfer of the Project. Under these circumstances, the note becomes immediately payable and due. The apartment complex is pledged as collateral for the mortgage.	-	667,612

10. *Mortgages and Notes Payable – Continued*

	Amortizing	*Non-amortizing*
Olympia Amherst Limited Partnership:		
Massachusetts Housing Partnership Fund has provided funding in the amount of $535,000. The loan bears interest at 6.97% and is payable in monthly installments of principal and interest of $3,549 through April 2035. The note is secured by the apartment complex. The outstanding principal balance at June 30, 2017 was $523,168.		
Financing costs of $99,823 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 9.28%. Accumulated amortization at June 30, 2017 was $10,814.	$ 434,159	$ -
Mortgage note payable to DHCD under the Housing Stabilization Fund Program, accrues interest at 1% per annum. The note is payable on September 5, 2063, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	-	1,715,000
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues interest at 1% per annum. All interest and principal due under this note are payable on September 5, 2044 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	-	1,000,000
Parsons Limited Partnership:		
Easthampton Savings Bank provided construction funding of $4,656,447 with interest at a rate of 3.75% per annum fixed for the term of the loan The note requires interest only payments thru the construction period. At the end of the construction period a $750,000 principal payment is due with monthly payments of principal and interest for the subsequent 30 years required thereafter. The apartment complex is pledged as collateral for the mortgage. The outstanding principal balance at June 30, 2017 was $733,407.		
Financing costs of $38,340 are being amortized using the straight-line rate method. The effective interest rate on the loan approximates to 4.285%. Accumulated amortization at June 30, 2017 was $1,598.	696,665	-

10. Mortgages and Notes Payable – *Continued*

	Amortizing	*Non-amortizing*
Mortgage note payable to DHCD under the Non-Federal Investment Trust Fund Program, accrues no interest except on delinquent payments. The note is payable on July 27, 2045, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	$ -	$ 490,217
Mortgage note payable to DHCD under the Housing Stabilization Fund Program, accrues no interest except on delinquent payments. The note is payable on July 27, 2065, or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	-	1,000,000
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund Program, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on July 27, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	-	1,175,000
Mortgage note payable to Valley Community Development Corporation, accrues no interest except on delinquent payments. All interest and principal due under this note are payable on July 28, 2065 or upon the occurrence of an event of default or the sale or other transfer of the Project. The apartment complex is pledged as collateral for the mortgage.	-	300,000
Verano Apartments Limited Partnership:		
Massachusetts Housing Partnership Fund has provided funding in the amount of $415,000. The loan bears interest at 6.23% and is payable in monthly installments of principal and interest of $2,550 through October 2036. The note is secured by the apartment complex.	344,174	-

10. Mortgages and Notes Payable – Continued

	Amortizing	*Non-amortizing*
Mortgage note payable to DHCD under the HOME Investment Partnership Program, accrues interest at a rate of 5.50% per annum. All interest and principal due under this note are payable on August 14, 2035, or upon the occurrence of an event of default or the sale or other transfer of the Project. Under these circumstances, the note becomes immediately payable and due. The note is secured by the apartment complex and assignment of certain leases and rents.	$ -	$ 550,000
Mortgage note payable to DHCD administered by MHFA under the Affordable Housing Trust Fund, accrues interest at a rate of 4.00% per annum. All interest and principal due under this note are payable on August 14, 2035, or upon the occurrence of an event of default or the sale or other transfer of the Project. Under these circumstances, the note becomes immediately payable and due. The note is secured by the apartment complex and assignment of certain leases and rents.	-	550,000
Mortgage note payable to the City of Holyoke Office for Community Development, accrues interest at a rate of 5.50% per annum. All principal and interest payments under this note shall be payable on August 14, 2035. No payments shall be due before the maturity date. The note is secured by the apartment complex and assignment of certain leases and rents.	-	100,000
Self Help Shelters, Inc. and HAP CHS, doing business as the joint venture Rehab Shelters, acting by and through HAP CHS, have provided funding of $247,500. This note bears interest compounding annually at a rate of 9%. Payment began two years after date of borrowing, and continuing every 12 months thereafter during the entire term of this note to an amount equal to the prior calendar year's net cash flow. The note is secured by the apartment complex and assignment of certain leases and rents. The entire outstanding balance of principal and unpaid interest shall be due upon the sooner of: (a) the date which is 20 years from the borrowing date, or (b) the sale or transfer of the real property comprising collateral for this note. Under these circumstances, the note becomes immediately payable and due. HAP-CHS's 45% share of principal and accrued interest have been eliminated in the consoldating financial statements.	-	136,350

10. *Mortgages and Notes Payable – Continued*

	Amortizing	Non-amortizing
Other Subsidiaries:		
MBL Housing and Development LLC:		
Note payable to Neighborworks Capital Corporation approved up to $500,000, bearing interest at 3% and payable in quarterly payments only until July 1, 2018. Thereafter principal payments of $31,250 plus interest will be made quarterly. The outstanding principal balance and all accrued but unpaid interest is payable on July 1, 2022. The loan has been guaranteed by Way Finders, Inc.	$ 500,000	$ -
Chicopee Kendall LLC:		
Note payable to CEDAC approved up to $400,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at Library Commons in Holyoke, Massachusetts.	-	393,943
Note payable to CEDAC approved up to $450,000, bearing interest at 5.5% and payable in quarterly interest payments only. The outstanding principal balance and all accrued but unpaid interest is payable upon obtaining permanent financing, but no later than April 30, 2019. Proceeds have been used to fund the acquisition of Library Commons in Holyoke, Massachusetts.	-	450,000
Note payable to CEDAC approved up to $400,000. Interest accrues at 7% and is payable along with the outstanding principal balance upon obtaining permanent financing. Proceeds have been used to fund the predevelopment costs at 586 Mill Street in Agawam, Massachusetts.	-	64,657
Note payable to the Life Initiative approved up to $513,000. Interest accrues at 5% and is payable along with the outstanding principal balance upon obtaining permanent financing, but no later than July 21, 2019. Proceeds have been used to fund the acquisition of 586 Mill Street in Agawam, Massachusetts.	-	513,000

10. *Mortgages and Notes Payable* – *Continued*

	Amortizing	*Non-amortizing*
Fuller Future LLC:		
Note payable to the Life Initiative approved up to $337,500. Interest accrues at 5% and is payable along with the outstanding principal balance upon obtaining permanent financing, but no later than November 11, 2018. Proceeds have been used to fund the acquisition of 188 Fuller Street in Ludlow, Massachusetts.	$ -	$ 337,500
Note payable to Neighborworks Capital Corporation approved up to $400,000, bearing interest at 4.5% and payable in quarterly interest payments only. The outstanding principal balance and all accrued but unpaid interest is payable upon obtaining permanent financing, but no later than March 31, 2019. Proceeds have been used to fund the predevelopment costs at 188 Fuller Street in Ludlow, Massachusetts.	-	344,535
Total notes payable	13,613,129	23,257,196
Less current portion	(1,560,871)	(1,024,841)
Total long-term liabilities	$ 12,052,258	$ 22,232,355

The maturities of the mortgages and notes for the ensuing five years and thereafter are summarized as follows:

Fiscal Year	*Amount*
2017	$ 2,585,712
2018	2,086,317
2019	910,550
2020	465,372
2021	344,094
Thereafter	38,800,138
Total note payments	45,192,183
Unamortized financing fees	(432,167)
Unamortized discount	(7,889,691)
Present value of note payments	$ 36,870,325

Interest costs for the year ended June 30, 2017 was $1,417,855, of which $144,169 was capitalized. Additionally, amortized financing fees charged to interest expense for the year ended June 30, 2017 was $25,313.

11. *Related Party Transactions*

During 2017, a member of Way Finders' Board of Directors was an officer of Valley Community Development Corporation (Valley CDC), a Massachusetts non-profit organization.

Financing

The Partnership has two notes payable to Valley CDC and a note payable to the former president and owner of MBL Housing and Development LLC as described in Note 10.

Common Capital, Inc.'s Chief Executive Officer, Chief Operating Officer, Director of Lending and members of its Board of Directors have loaned $9,500 to Common Capital, Inc.'s Community First Fund as described in Note 10.

Developer Fees and Overhead

Parsons Limited Partnership has agreed to pay $204,060 in developer fees and $280,643 in overhead expenses to Valley CDC under a developer services agreement between Parsons Limited Partnership, Way Finders, and Valley CDC. During 2017, the Organization paid the remaining $124,750 that was owed for under the agreement.

12. *Net Assets*

Board Designated

The Board of Directors has designated $3,086,038 in unrestricted net assets to be used in support of affordable housing programs.

Temporarily Restricted

The following summarizes the activity of temporarily restricted net assets for the year ended June 30, 2017:

	Balance July 1, 2016	*Temporarily Restricted Contributions*	*Acquired from Common Capital*	*Releases from Restriction*	*Balance June 30, 2017*
Homeownership programs	$ 142,270	$ 7,500	$ -	$ (142,270)	$ 7,500
Neighborhood revitalization	39,440	155,650	-	(19,440)	$ 175,650
Client services programs	65,719	-	-	(65,719)	$ -
Family self-sufficiency	2,500	-	-	(2,500)	$ -
Green energy development	65,705	-	-	(55,705)	$ 10,000
Elderly supportive housing	4,391,300	-	-	-	$ 4,391,300
Below market rate loans	7,423,995	-	-	(144,518)	$ 7,279,477
Time restricted	50,000	50,000	150,000	(100,000)	$ 150,000
Total	$ 12,180,929	$ 213,150	$ 150,000	$ (530,152)	$ 12,013,927

12. Net Assets – Continued

Permanently Restricted

NeighborWorks® has provided capital grants in prior years for making affordable loans to capital projects. These amounts are permanently restricted although proceeds on capital projects, or interest earned, over and above the corpus may be transferred to unrestricted net assets for furthering Way Finders' mission. However, should Way Finders become defunct, all remaining grant funds, interest earnings, capital project proceeds and the loan and capital projects portfolios representing use of these funds will revert to NeighborWorks®. No capital grants were received and none of the corpus was transferred to unrestricted net assets during 2017. The total permanently restricted net assets of $1,152,245 at June 30, 2017, is restricted by NeighborWorks® for affordable loans to capital projects.

13. Income Taxes

Way Finders' for-profit subsidiaries had provisions for income taxes for the year ended June 30, 2017, consisting of the following:

Description	*Amount*
State tax expense	$ 4,104
Federal tax expense	-
Total	$ 4,104

As of June 30, 2017, Way Finders' for-profit subsidiaries had net operating loss carry-forwards totaling approximately $90,788 and capital loss carry-forwards totaling approximately $44,000 available to offset future taxable income. These net operating loss carry-forwards will expire at various times between 2017 and 2032 and the capital loss carry-forwards will expire in 2019. Additionally, Way Finders' for-profit subsidiaries had net passive loss carry-forwards totaling approximately $166,756 and passive tax credit carry-forwards totaling approximately $2,210 available to offset future passive taxable income. It is unclear if Way Finders will realize value from these credits and loss carry-forwards; accordingly a related tax deferred asset has not been recorded.

14. Retirement Plans

Way Finders Tax Sheltered Annuity Retirement Plan

Way Finders provides retirement benefits for its full-time employees through its tax sheltered annuity retirement plan. This plan constitutes a defined contribution plan under section 403(b) of the Internal Revenue Code and allows for a discretionary employer match of employee contributions of up to 4% of annual compensation for employees who have completed 1.5 years of service as defined by the plan. Pension expense for the year ended June 30, 2017 was $160,522.

14. Retirement Plans - Continued

Additionally, all employees are eligible to make elective contributions in a voluntary retirement plan upon the beginning of employment.

Common Capital SIMPLE IRA Plan

Common Capital, Inc. has a SIMPLE IRA plan which is available to all employees who have completed 90 days of service. Employees may contribute into the plan on a tax-deferred basis. Common Capital, Inc. contributes a matching contribution on a semi-monthly basis. The amount of such contribution is equal to the amount of salary reduction employees elect to defer to a maximum of 3% of the employee's compensation. Common Capital made matching contributions to the plan totaling $594 for the period April 1, 2017 through June 30, 2017.

15. Rental Income Under Operating Leases

The Organization has commercial lease agreements with tenants that expire at various times through 2020. The minimum future rental income on non-cancelable operating leases are as follows:

Fiscal Year	*Amount*
2018	$ 92,225
2019	$ 40,652
2020	$ 13,312

16. Commitments

Leases

The Organization leases program space and equipment under non-cancelable operating leases expiring in various years through fiscal year 2022. For the year ended June 30, 2017, expense under the various leases totaled $750,447. The minimum payments due on the leases for the next five years are as follows:

Fiscal Year	*Amount*
2018	$ 592,012
2019	526,741
2020	211,469
2021	158,867
2022	62,332
Total	$ 1,551,421

16. **Commitments** – *Continued*

Financing Commitments

Common Capital Inc. has a revolving line of credit with United Bank to a maximum of $300,000. At June 30, 2017, there was no balance outstanding on the line of credit. Funds from this line are to be used for working capital needs. The line is secured by all the assets of Common Capital, Inc. Interest accrues at a floating per annum rate as published in the Wall Street Journal, but not less than 4%. Outstanding amounts on the line are payable on demand and interest is payable monthly. The line is subject to annual review and may be extended, renewed, modified or terminated at the bank's discretion.

Common Capital Inc. has a line of credit with Greenfield Cooperative Bank to a maximum of $100,000. At June 30, 2017, there was no balance outstanding on the line of credit. Funds from this line are to be used for working capital needs. The line is secured by an assignment and pledge of a promissory note and collateral documents. Interest accrues at the Wall Street Journal's prime rate plus 0.5% and outstanding amounts on the line are payable on demand. The line expires May 1, 2018.

The Organization has received various financing commitments to fund acquisition, predevelopment and construction costs related to development and renovations at several of its projects. As of June 30, 2017, the following commitments were received:

			Amount	
Lender	*Project*	*Commitment*	Received	*Outstanding*
Easthampton Savings Bank	Live Pleasant	$ 8,480,710	$ 1,529,765	$ 6,950,945
DHCD	Live Pleasant	500,000	450,000	50,000
DHCD	Live Pleasant	1,000,000	-	1,000,000
CEDAC	Live Pleasant	1,500,000	1,425,000	75,000
CEDAC	Live Pleasant	1,000,000	900,000	100,000
CEDAC	Live Pleasant	707,000	636,300	70,700
Neighborworks Capital Corp.	Fuller Street	400,000	344,535	55,465
CEDAC	Mill Street	400,000	64,657	335,343
CEDAC	NewCourt Terrace	400,000	53,540	346,460
CEDAC	Library Commons	400,000	393,943	6,057
	Total	$ 14,787,710	$ 5,797,740	$ 8,989,970

17. *Concentrations*

Operations

The Organization's real estate holdings are concentrated in the multifamily real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD, U.S. Small Business Administration, U.S. Department of the Treasury, DHCD and MassHousing ("the Agencies"). Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by the Agencies. Changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with such changes.

Cash

The Organization maintains its cash accounts in several commercial banks located in Massachusetts. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. Additionally, deposits in excess of FDIC coverage are covered by Depositors Insurance Fund (DIF) at certain Massachusetts banks. Cash equivalents held by brokerage firms are insured by Securities Investor Protection Corporation up to $500,000. The Organization does not believe it is exposed to significant risk as it periodically reviews the credit standings of the related institutions. A summary of the total insured and uninsured cash balances at June 30, 2017 is as follows:

Total cash in all banks	$ 18,042,489
Portion insured by FDIC, DIF and SIPC	(17,178,256)
Uninsured cash balances	$ 864,233

Small Business Loans Receivable

All small business loans receivable are from businesses located in western Massachusetts. The lending policies of Common Capital, Inc. consider collateral in its underwriting. Common Capital, Inc. will obtain sufficient available collateral, but due to Common Capital, Inc.'s mission, it may approve loans which are either completely unsecured or are functionally unsecured based on the likely collateral value in a liquidation scenario. Common Capital, Inc. also recognizes that in instances where it is a subordinate lender, it will be at financial disadvantage in liquidation scenarios.

Support

The Organization's main source of funding is provided from contracts with DHCD, which is approximately 83% of its revenue and 62% of its accounts receivable for the year ended June 30, 2017.

18. Contingencies

Litigation

The Organization is defending complaints (judicial and administrative) for discrimination by a potential employee, and discrimination in the provision of services by clients or former clients. The Organization believes it has meritorious defenses against each of the complaints and intends to vigorously contest them, and expects that the resolution of such complaints will not have a material adverse effect on its financial position. Therefore no adjustment has been made to the 2017 financial statements.

Grant Funding

The Organization's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantors. As of the date of these statements, the materiality of adjustments to final costs, if any, cannot be determined and management does not anticipate any. Therefore, no adjustment has been made to the 2017 financial statements.

CDFI Certification Status

On September 17, 2013, Common Capital, Inc. was re-certified by the U.S. Department of the Treasury's Community Development Financial Institution Fund as a Community Development Financial Institution. Common Capital, Inc.'s certification is subject to annual reviews by U.S. Department of the Treasury's Community Development Financial Institution Fund.

Surplus Revenue Retention

Surplus generated under Commonwealth of Massachusetts unit rate contracts must comply with 808 CMR 1.03(7), "Surplus Revenue Retention Policy". In accordance with these requirements, Way Finders is entitled to retain surplus up to twenty percent (20%) of the total revenue of all Commonwealth programs per year as unrestricted net assets. The surplus can be used to further Way Finders' charitable purposes, but may not be used for non-reimbursable expenses as defined in 808 CMR 1.05. For the year ended June 30, 2017, the current year surplus revenue did not exceeded 20% of the total revenue of all of the Commonwealth programs.

19. Conditional Promise to Give

The conditional promises to give consist of pledged donations to the rights on Massachusetts low-income housing tax credits and Massachusetts historic tax credits for various low-income housing projects. The donations are conditional upon the projects qualifying and receiving the tax credits. The credits are expected to be sold to a third party upon receipt with the proceeds loaned back to the projects. The conditional promises to give will be recognized in the financial statements when the conditions on which they depended are substantially met. At June 30, 2017, conditional promises to give totaled $2,324,167.

20. Business Combination

On April 1, 2017, Way Finders and Common Capital, Inc. entered into a Strategic Alliance Agreement with resulting in Way Finders becoming the sole member of Common Capital, Inc. As sole member of Common Capital Inc., Way Finders has the ability to appoint, remove or replace the members of Common Capital, Inc.'s Board of Directors. Common Capital, Inc.'s financial information has been included into the Organizations consolidating financial statements beginning on April 1, 2017, the date control was acquired.

The following table summarizes the amounts of assets acquired and liabilities assumed on April, 1, 2017.

Financial assets:	
Cash	$ 1,253,738
Accounts receivable	200,932
Loans receivable, net reserve of $542,208	4,406,300
Investments	53,358
Other financial assets	14,960
Total financial assets	5,929,288
Property and equipment	2,704
Financial liabilities:	
Accounts payable and accrued expenses	44,937
Notes payable	1,778,524
Total financial liabilities	1,823,461
Total identifiable net assets	$ 4,108,531

21. Subsequent Events

The Organization has performed an evaluation of subsequent events through November 17, 2017, which is the date the Organization's consolidating financial statements were available to be issued. No material subsequent events have occurred since June 30, 2017 that requires recognition or disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

Way Finders, Inc. and Subsidiaries
Schedule of Financial Position for Way Finders, Inc.
June 30, 2017

Assets

	Operations	Assistance Payments	Rental Properties	Intra-company Eliminations	Way Finders
Current Assets					
Cash and cash equivalents	$ 2,800,240	$ -	$ 15,410	$ -	$ 2,815,650
Restricted cash	1,854,952	4,659,665	-	-	6,514,617
Accounts receivable	1,936,253	7,622	5,134	-	1,949,009
Related party receivables	2,267,809	93,011	-	(27,771)	2,333,049
Loans receivable	5,951	-	-	-	5,951
Investments	-	-	-	-	-
Prepaid expenses and other assets	104,080	-	4,258	-	108,338
Total current assets	8,969,285	4,760,298	24,802	(27,771)	13,726,614
Property and Equipment					
Land	77,889	-	113,000	-	190,889
Buildings and improvements	245,826	-	2,368,821	-	2,614,647
Furniture and equipment	1,661,170	-	14,725	-	1,675,895
Software	406,735	-	-	-	406,735
Less: accumulated depreciation	(1,522,536)	-	(771,664)	-	(2,294,200)
Total property and equipment	869,084	-	1,724,882	-	2,593,966
Other Assets					
Investments	621,510	-	-	-	621,510
Restricted cash	-	309,608	305,944	-	615,552
Restricted investments	-	-	69,164	-	69,164
Work in progress	206,663	-	-	-	206,663
Loans receivable, net	7,270,198	-	-	(110,000)	7,160,198
Intangible assets, net	105,209	-	-	-	105,209
Total other assets	8,203,580	309,608	375,108	(110,000)	8,778,296
Total assets	$ 18,041,949	$ 5,069,906	$ 2,124,792	$ (137,771)	$ 25,098,876

Way Finders, Inc. and Subsidiaries
Schedule of Financial Position for Way Finders, Inc. - *Continued*
June 30, 2017

Liabilities and Net Assets

	Operations	Assistance Payments	Rental Properties	Intra-company Eliminations	Way Finders
Current Liabilities					
Accounts payable	$ 500,445	$ 140,535	$ 26,396	$ -	$ 667,376
Grants payables	50,000	-	-	-	50,000
Related party payables	-	-	27,771	(27,771)	-
Accrued expenses	1,562,544	100,038	-	-	1,662,582
Contract advances	293,536	4,505,442	-	-	4,798,978
Mortgages and notes payable	686,009	-	-	-	686,009
Non-amortizing notes payable	53,540	-	-	-	53,540
Deferred revenue	8,323	-	-	-	8,323
Total current liabilities	3,154,397	4,746,015	54,167	(27,771)	7,926,808
Noncurrent liabilities					
Grants payables	144,363	-	-	-	144,363
Amortizing notes payable	817,856	-	182,225	-	1,000,081
Non-amortizing notes payable	-	-	641,972	(110,000)	531,972
Escrow liabilities	13,088	323,891	14,479	-	351,458
Contract advances	7,383,758	-	-	-	7,383,758
Total noncurrent liabilities	8,359,065	323,891	838,676	(110,000)	9,411,632
Total liabilities	11,513,462	5,069,906	892,843	(137,771)	17,338,440
Net Assets					
Unrestricted					
Board designated for affordable housing program	3,086,038	-	-	-	3,086,038
Undesignated	2,047,054	-	269,713	-	2,316,767
Temporarily restricted	243,150	-	962,236	-	1,205,386
Permanently restricted	1,152,245	-	-	-	1,152,245
Total net assets	6,528,487	-	1,231,949	-	7,760,436
Total liabilities and net assets	$ 18,041,949	$ 5,069,906	$ 2,124,792	$ (137,771)	$ 25,098,876

Way Finders, Inc. and Subsidiaries

Schedule of Revenue, Support and Expenses for Way Finders, Inc.
June 30, 2017

	Unrestricted			Temporarily Restricted			
	Operations	Assistance Payments	Rental Properties	Operations	Rental Properties	Intra-company Eliminations	Way Finders
Revenue and Support							
Contributions	$ 2,011,021	$ -	$ -	$ 213,150	$ -	$ -	$ 2,224,171
Contract assistance payments	-	47,202,739	-	-	-	-	47,202,739
Grants - Neighbor Works America	569,488	-	-	-	-	-	569,488
Fee for service, contract administration fees	16,064,641	-	-	-	-	-	16,064,641
Program fees	521,404	-	5,596	-	-	-	527,000
Property and asset management fees	566,559	-	-	-	-	(37,099)	529,460
Developer fees	1,122,506	-	-	-	-	-	1,122,506
Lending interest income and fees	41,336	-	-	-	-	-	41,336
Investment income	5,316	-	1,610	-	-	-	6,926
Rental income	69,664	-	344,264	-	-	-	413,928
Release from restriction	335,635	-	38,851	(335,635)	(38,851)	-	-
Total revenue and support	21,307,570	47,202,739	390,321	(122,485)	(38,851)	(37,099)	68,702,195
Expenses							
Salaries	$ 10,158,665	$ -	$ 74,165	$ -	$ -	$ -	$ 10,232,830
Payroll tax and fringe benefits	2,214,400	-	19,612	-	-	-	2,234,012
'Employee training	271,397	-	-	-	-	-	271,397
Professional services	530,811	-	9,182	-	-	-	539,993
Contract services	934,347	-	-	-	-	-	934,347
Communications	180,716	-	5,970	-	-	-	186,686
Postage	93,099	-	387	-	-	-	93,486
Materials production	223,932	-	328	-	-	-	224,260
Management fees	-	-	37,099	-	-	(37,099)	-
Program expense	2,860,831	-	-	-	-	-	2,860,831
Office supplies	104,569	-	898	-	-	-	105,467
Licenses, dues and fees	221,564	-	740	-	-	-	222,304
Travel	187,118	-	2,879	-	-	-	189,997
Audit expense	99,186	-	-	-	-	-	99,186
Legal expense	11,522	-	7,201	-	-	-	18,723
Insurance	99,266	-	15,144	-	-	-	114,410
Bad debt expense	2,070,702	-	4,280	-	-	-	2,074,982
Repairs and maintenance	70,542	-	45,960	-	-	-	116,502
Utilities	17,103	-	55,142	-	-	-	72,245
Recruitment	60,083	-	-	-	-	-	60,083
Other taxes	17,333	-	37,097	-	-	-	54,430
Interest	100,477	-	52,333	-	-	-	152,810
Provider reimbursement	52,629	-	-	-	-	-	52,629
Other expenses	76,288	-	-	-	-	-	76,288
Depreciation and amortization	173,245	-	69,799	-	-	-	243,044
Contract assistance disbursed	-	47,202,739	-	-	-	-	47,202,739
Computer operations	139,090	-	-	-	-	-	139,090
Occupancy	366,395	-	-	-	-	-	366,395
Grant expense	256,759	-	-	-	-	-	256,759
Other administrative expenses	(520)	-	1,245	-	-	-	725
Total expenses	21,591,549	47,202,739	439,461	-	-	(37,099)	69,196,650
Change in net assets	$ (283,979)	$ -	$ (49,140)	$ (122,485)	$ (38,851)	$ -	$ (494,455)

Way Finders, Inc. and Subsidiaries
Schedule of Financial Position for Housing Assistance Programs
June 30, 2017

	Federal Voucher	*Moderate Rehab*	*MRVP*	*Other Programs*	*Total*
Assets					
Restricted cash	$ 3,426,930	$ 365,994	$ 1,098,235	$ 83,114	$ 4,974,273
Accounts receivable - DHCD	14,237	(320)	-	171,500	185,417
Related party receivables	2,246,242	1,004,687	-	456,234	3,707,163
Software	113,198	23,935	-	-	137,133
Less: accumulated depreciation	(113,198)	(23,935)	-	-	(137,133)
Total assets	$ 5,687,409	$ 1,370,361	$ 1,098,235	$ 710,848	$ 8,866,853
Liabilities					
Accounts payable	$ 10,532	$ 317	$ -	$ 18,488	$ 29,337
Accounts payable - DHCD	137,085	3,450	-	-	140,535
Related party payables	-	-	429,541	-	429,541
Accrued expenses	176,250	15,442	10,794	6,280	208,766
Escrow liabilities	323,891	-	-	-	323,891
Contract advances	2,948,880	355,885	1,141,748	58,929	4,505,442
Total liabilities	3,596,638	375,094	1,582,083	83,697	5,637,512
Net Assets					
Unrestricted	-	-	(483,848)	627,151	143,303
Board designated	2,090,771	995,267	-	-	3,086,038
Total net assets	2,090,771	995,267	(483,848)	627,151	3,229,341
Total liabilities and net assets	$ 5,687,409	$ 1,370,361	$ 1,098,235	$ 710,848	$ 8,866,853

Way Finders, Inc. and Subsidiaries

Schedule of Revenue, Expenses, and Changes in Net Assets for Housing Assistance Programs
For the Year Ended June 30, 2017

	Federal Voucher	*Moderate Rehab*	*MRVP*	*Other Programs*	*Total*
Revenue and Support					
Contributions	$ 59,000	$ -	$ -	$ -	$ 59,000
Contract assistance payments	31,833,676	3,830,694	4,969,408	207,867	40,841,645
Fee for service, contract administration fees	3,608,508	511,030	364,000	291,529	4,775,067
Program fees	1,462	-	44	113,449	114,955
Total revenue and support	35,502,646	4,341,724	5,333,452	612,845	45,790,667
Expenses					
Salaries	1,698,957	355,152	308,617	164,039	2,526,765
Payroll tax and fringe benefits	389,655	79,133	69,962	36,373	575,123
Employee training	26,228	-	-	930	27,158
Professional services	8,100	-	215	4,216	12,531
Contract services	95,853	-	-	32,858	128,711
Communications	14,873	1,962	-	1,446	18,281
Postage	61,482	1,183	1,975	384	65,024
Materials production	24,267	2,438	-	166	26,871
Program expense	818	-	-	-	818
Office supplies	27,573	4,109	2,005	1,127	34,814
Licenses, dues and fees	9,539	108	-	-	9,647
Travel	45,188	5,432	2,332	782	53,734
Audit expense	11,711	11,925	1,176	1,319	26,131
Bad debt	300	-	-	-	300
Recruitment	1,899	-	-	32	1,931
Provider reimbursement	52,629	-	-	-	52,629
Other expenses	4,036	-	-	-	4,036
Contract assistance disbursed	31,833,676	3,830,694	4,969,408	207,867	40,841,645
Interest	-	92	-	-	92
Computer operations	86,524	17,446	15,623	8,061	127,654
Occupancy	138,018	27,479	24,582	13,609	203,688
Administrative allocation	466,599	92,711	82,881	45,978	688,169
Total expenses	34,997,925	4,429,864	5,478,776	519,187	45,425,752
Change in net assets	504,721	(88,140)	(145,324)	93,658	364,915
Net assets - beginning of year	1,586,050	1,083,407	(338,524)	533,493	2,864,426
Net assets - end of year	$ 2,090,771	$ 995,267	$ (483,848)	$ 627,151	$ 3,229,341

Way Finders, Inc. and Subsidiaries
Schedule of Financial Position - NeighborWorks® America Capital Fund
June 30, 2017

Assets		
Cash	$	580,000
Related party receivables		113,520
Loans receivable		458,725
Total assets	$	1,152,245
Liabilities and Net Assets		
Liabilities	$	-
Net assets		1,152,245
Total liabilities and net assets	$	1,152,245

Way Finders, Inc. and Subsidiaries
Schedule of Activities - NeighborWorks® America Capital Fund
For the Year Ended June 30, 2017

Revenue, Gains, Other Support and Release of Capital:		
Capital grant - NeighborWorks® America - beginning balance	$	1,152,245
Additions		-
Released - unrestricted		-
Net assets at end of year	$	1,152,245

Investment income in the amount of $2,066 was earned on the net assets of the NeighborWorks® America Investment and Grant Agreement and was available for unrestricted use by Way Finders. There were no proceeds from capital projects in excess of the amount of funds necessary to maintain the net assets at a level disclosed in the Investment and Grant Agreement with NeighborWorks® America ($1,152,245). Accordingly, no funds were transferred from the NeighborWorks® America Revolving Loan and Capital Projects Fund for that purpose.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Way Finders, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Program / Cluster or Program Title / Pass-through Grantor	*Federal CFDA Number*	*Federal Pass-through Identifying Number*	*Total Federal Expenditures*	*Expenditures to Subrecipients*
U.S. Department of Housing and Urban Development				
Fair Housing Initiatives Program				
Direct Program	14.408	FH400G14037	$ 93,744	$ 27,000
Direct Program	14.408	FEOI160017-01-02	52,083	15,086
Total Fair Housing Initiatives Program			145,827	42,086
Moving to Work Demonstration Program				
Passed through Massachusetts Department of Housing and Community Development (DHCD)	14.881	SCOCD264517699015MTW	34,441,374	-
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation				
Passed through Massachusetts DHCD	14.856	SCOCD264017699019MRB	4,341,725	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers				
Passed through Massachusetts DHCD	14.871	SCOCD264017699014HCV	346,389	-
Passed through Massachusetts DHCD	14.871	SCOCD264117699016FUP	403,626	-
Total Housing Voucher Cluster			750,015	-
Supportive Housing Program				
Passed through Massachusetts DHCD	14.235	OCD810015F0707STAP20	137,729	-
Passed through Massachusetts DHCD	14.235	OCD810016F0707STAP20	68,865	-
Passed through City of Springfield	14.235	20160627	5,178	-
Passed through City of Springfield	14.235	20170261	42,994	-
Passed through Hilltown Community Development Corporation	14.235	MA0072L1T071508	15,967	-
Passed through Hilltown Community Development Corporation	14.235	MA0072L1T071609	7,528	-
Total Supportive Housing Program			278,261	-

Way Finders, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards – *Continued*
For the Year Ended June 30, 2017

Federal Program *Cluster or Program Title* *Pass-through Grantor*	*Federal CFDA Number*	*Federal Pass-through Identifying Number*	*Total Federal Expenditures*	*Expenditures to Subrecipients*
Continuum of Care Program				
Passed through Massachusetts DHCD	14.267	OCD810015FCOMGRANT20	$ 169,451	$ -
Passed through Massachusetts DHCD	14.267	OCD810016FCOMGRANT20	56,209	$ -
Passed through City of Springfield	14.267	20160623	46,760	-
Passed through City of Springfield	14.267	20170262	48,762	-
Total Continuum of Care Program			321,182	-
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants				
Passed through Massachusetts DHCD (Loan)	14.218	N/A	170,000	-
Passed through City of Holyoke	14.218	112-17	106,203	
Passed through City of Holyoke	14.218	N/A	5,000	-
Total CDBG - Entitlement Grants Cluster			281,203	-
Family Self Sufficiency Program				
Passed through Massachusetts DHCD	14.896	SCOCD264017699021FSS	105,683	-
Emergency Solutions Grant Program				
Passed through City of Springfield	14.231	2017012	92,178	-
Supportive Housing for Persons with Disabilities				
Passed through Massachusetts DHCD	14.181	SCOCD264217699017MS5	66,398	-
Housing Counseling Assistance Program				
Passed through Housing Partnership Network	14.169	16-08	21,665	-
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii				
Passed through Town of West Springfield	14.228	17-180-005	4,200	-
Total U.S. Department of Housing and Urban Development			40,849,711	42,086

Way Finders, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards – *Continued*
For the Year Ended June 30, 2017

Federal Program / *Cluster or Program Title* / *Pass-through Grantor*	*Federal CFDA Number*	*Federal Pass-through Identifying Number*	*Total Federal Expenditures*	*Expenditures to Subrecipients*
U.S. Department of Treasury				
NeighborWorks Grant Funds				
Passed through Neighborworks Reinvestment Corporation	21.U01	2012-8408-0038-RED	5,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2013-8408-0016-GPD19	5,705	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2014-8408-0896-SUP_2	66,212	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2015-8408-0017-NWGO47	15,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2015-8408-0364-SPU50	7,500	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2016-8408-0014-OU87	46,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2016-8408-0022-CLI89	2,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2016-8408-0172-OUT11	19,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2016-8408-0014-SIFUD45	50,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2016-8408-0396-SUP	10,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2016-8408-0564-SUP78	10,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2017-8408-0050-NEC	361,500	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2017-8408-0060-CLI	2,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2017-8408-0211-SUP	7,000	-
Passed through Neighborworks Reinvestment Corporation	21.U01	2017-8408-0051-SUP	35,000	-
Passed through Housing Partnership Network	21.U01	PL 114-113	6,765	-
Total NeighborWorks Grant Funds			648,682	-
Total U.S. Department of Treasury			648,682	-
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program				
Passed through United Way of the Pioneer Valley	97.024	N/A	14,864	$ -
Total U.S. Department of Homeland Security			14,864	-

Way Finders, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards – *Continued*
For the Year Ended June 30, 2017

Federal Program / Cluster or Program Title / Pass-through Grantor	*Federal CFDA Number*	*Federal Pass-through Identifying Number*	*Total Federal Expenditures*	*Expenditures to Subrecipients*
U.S. Department of Agriculture				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Passed through the University of Massachusetts Medical School	10.561	N/A	$ 11,797	$ -
Total U.S. Department of Agriculture			11,797	-
Total expenditures of federal awards			$ 41,525,054	$ 42,086

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Way Finders, Inc. (Way Finders) under programs of the Federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion Way Finders' operations, it is not intended to and does not present the financial position, changes in net assets or cash flows of Way Finders.

2. Summary of Significant Accounting Policies

a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

b) The Organization has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Loan Assistance

The Community Development Block Grant loan which was received in a prior fiscal year, is included on the Schedule at its outstanding balance as of July 1, 2016 as it includes continuing compliance requirements. During 2017, no additional proceeds were received or payments made. At June 30, 2017, the loan balance was $170,000.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

The Board of Directors
Way Finders, Inc.

We have audited, in accordance with the 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, the consolidating financial statements of Way Finders, Inc. and Subsidiaries (the Organization) which comprise the consolidating statement of financial position as of June 30, 2017, and the related consolidating statements of activities, changes in net assets/(deficit), functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated November 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidating financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidating financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Dennis & Company LLP

November 17, 2017

DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Way Finders, Inc.

Report on Compliance for Each Major Federal Program

We have audited Way Finders, Inc.'s (Way Finders) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Way Finders' major federal programs for the year ended June 30, 2017. Way Finders' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Way Finders, Inc. and subsidiaries' consolidating financial statements include the operations of Common Capital, Inc., Southampton Housing for the Elderly, Inc. and Stevens Senior Housing of Ludlow, Inc., which received $1,560,257, $3,555,695 and $4,923,597, respectively, in federal awards, which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2017. Our audit, as described below, did not include the operations of Common Capital, Inc., Southampton Housing for the Elderly, Inc. and Stevens Senior Housing of Ludlow, Inc. because their federal awards are audited within each organization's stand alone audit performed in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Way Finders' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Way Finders' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Way Finders' compliance.

Opinion on the Major Federal Program

In our opinion, Way Finders complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Way Finders is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Way Finders' internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Way Finders' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Daniel Dennis & Company LLP

November 17, 2017

Way Finders, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements	
Type of auditor's report issued -	Unmodified
Internal control over financial reporting:	
- Material weaknesses identified?	____ yes __X__ no
- Significant deficiencies identified that are not considered to be material weaknesses?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no
Federal Awards	
Internal control over major programs:	
- Material weaknesses identified?	____ yes __X__ no
- Significant deficiencies identified that are not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs -	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	____ yes __X__ no

Indentification of major programs:

CFDA Number	Name of Program
14.881	*Moving to Work Demonstration Program*
	Section 8 Project-Based Cluster:
14.856	*Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation*

Dollar threshold used to distinguish between type A and type B programs:	$ 1,245,751
Auditee qualified as low-risk auditee?	__X__ yes ____ no

II. FINANCIAL STATEMENT FINDINGS

A. Deficiencies in Internal Control over Financial Reporting

None

B. Material Fraud and Noncompliance with Provisions of Laws and Regulations

None

C. Material Noncompliance with Provisions of Contracts and Grants Agreements

None

D. Material Abuse

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

Way Finders, Inc. and Subsidiaries
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2017

There were no unresolved audit findings from prior year's audits of Way Finders, Inc. and subsidiaries.