
BELLWETHER HOUSING AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT AUDITORS**

YEARS ENDED DECEMBER 31, 2019 AND 2018

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Report of Independent Auditors

To the Board of Directors of
Bellwether Housing and Affiliates

We have audited the accompanying consolidated financial statements of Bellwether Housing and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities without donor restriction, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bellwether Housing and Affiliates as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 2 to the financial statements, Bellwether Housing and Affiliates adopted changes in accounting principles related to revenue recognition, and presentation and disclosure of the statements of cash flows. Our opinion is not modified with respect to those matters.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 34 through 43 is presented for the purpose of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

San Francisco, California
July 17, 2020

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018****ASSETS**

	<u>2019</u>	<u>2018</u>
Current assets (Note 2)		
Cash and cash equivalents	\$ 6,842,865	\$ 4,279,601
Cash and cash equivalents - Restricted	16,478,546	16,354,501
Investments and cash - Board designated reserves (Notes 3, 15)		
Administrative operating reserve	2,755,768	2,759,684
Pooled replacement reserve	2,046,841	1,959,959
Impact investment reserve	1,335,939	913,076
Opportunity Fund	27,331,270	27,736,036
Total investments and cash - Board designated reserves (Notes 3, 15)	<u>33,469,818</u>	<u>33,368,755</u>
Investments and cash - Building Opportunity Fund	3,290,000	-
Tenant and other receivables	1,963,181	409,975
Project development expenditures (Note 7)	4,826,886	1,062,465
Prepaid expenses and other assets	<u>699,276</u>	<u>557,217</u>
Total current assets	67,570,572	56,032,514
Property and equipment, net (Note 7)		
Land	43,289,872	37,576,526
Buildings	247,586,562	245,811,142
Furniture and equipment	13,833,289	13,423,349
Construction in progress	524,751	215,072
	<u>305,234,474</u>	<u>297,026,089</u>
Less: Accumulated depreciation	<u>(62,926,370)</u>	<u>(55,195,062)</u>
Total property and equipment, net	242,308,104	241,831,027
Other assets		
Deferred costs, net (Note 2)	454,914	564,144
Long term notes receivable (Note 6)	<u>9,200</u>	<u>49,200</u>
Total other assets	464,114	613,344
Total Assets	<u>\$ 310,342,790</u>	<u>\$ 298,476,885</u>

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019 AND 2018****LIABILITIES AND NET ASSETS**

	<u>2019</u>	<u>2018</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 1,828,064	\$ 1,785,182
Construction payables	-	3,344,543
Short-term notes and advances	2,729	-
Accrued interest payable	401,418	575,179
Security deposits	812,581	798,482
Current portion of long-term debt (Note 9)	13,721,699	38,166,204
	<u>16,766,491</u>	<u>44,669,590</u>
Total current liabilities		
	16,766,491	44,669,590
Long term liabilities		
Deferred interest payable	3,435,904	2,987,782
Long-term debt, deferred loans and grants, net of current maturities (Note 8, 9)	165,334,743	164,996,395
Less: unamortized debt issuance costs (Note 9)	(2,282,572)	(2,455,620)
	<u>166,488,075</u>	<u>165,528,557</u>
Total long-term liabilities		
	166,488,075	165,528,557
Total liabilities	<u>183,254,566</u>	<u>210,198,147</u>
	183,254,566	210,198,147
Net assets		
Net assets without donor restriction (Note 11)	70,583,726	67,913,177
Net assets with donor restriction (Note 12)	1,699,854	298,173
Non-controlling interest in LPs and LLCs (Note 11)	54,804,644	20,067,388
	<u>127,088,224</u>	<u>88,278,738</u>
Total net assets		
	127,088,224	88,278,738
Total Liabilities and Net Assets	<u>\$ 310,342,790</u>	<u>\$ 298,476,885</u>

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENTS OF ACTIVITIES WITHOUT DONOR RESTRICTION
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Revenue and Public Support		
Rental revenue - residential	\$ 26,401,790	\$ 22,472,554
Rental revenue - commercial	1,370,585	1,237,600
Property management	54,028	193,733
Consulting fees	471,237	203,938
Interest, dividends, and realized gains	1,258,130	375,585
Grants and contributions	1,172,207	848,349
Net assets released from restrictions	123,482	150,533
Other revenue	250,163	47,818
	<u>31,101,622</u>	<u>25,530,110</u>
Total Revenue and Public Support	31,101,622	25,530,110
Expenses		
Program Expenses		
Rental operations		
Operating expenses	11,782,456	11,036,677
Depreciation and amortization	7,577,784	6,796,501
Interest expense	5,893,274	5,339,229
Development and property management	6,600,992	4,130,782
Other	53,747	223,775
Total Program Expenses	31,908,253	27,526,964
Supporting Service Expenses		
Management and general	2,651,779	2,460,457
Management and general - LPs and LLCs	-	624,399
Fundraising	548,729	358,489
Total Supporting Service Expenses	3,200,508	3,443,345
	<u>35,108,761</u>	<u>30,970,309</u>
Total Expenses	35,108,761	30,970,309
Net Loss from Operations	(4,007,139)	(5,440,199)
Gains and (Losses)		
Gain on sale of property (Note 7)	-	23,362,845
Gain (loss) on investments (Note 3)	3,798,999	(1,385,158)
	<u>3,798,999</u>	<u>21,977,687</u>
Total Gains and (Losses)	3,798,999	21,977,687
Change in Net Assets Without Donor Restriction	\$ (208,140)	\$ 16,537,488

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restriction		
Revenue and public support	\$ 30,978,140	\$ 25,379,577
Net assets released from restrictions	<u>123,482</u>	<u>150,533</u>
Total Revenue and Public Support	<u>31,101,622</u>	<u>25,530,110</u>
Expenses	(35,108,761)	(30,970,309)
Gains	<u>3,798,999</u>	<u>21,977,687</u>
Total Expenses and Gains	<u>(31,309,762)</u>	<u>(8,992,622)</u>
Changes in net assets without donor restriction	<u>(208,140)</u>	<u>16,537,488</u>
Net Assets With Donor Restriction		
Revenue and public support	1,525,163	117,077
Net assets released from restrictions	<u>(123,482)</u>	<u>(150,533)</u>
Changes in net assets with donor restriction	<u>1,401,681</u>	<u>(33,456)</u>
Changes in net assets	<u>1,193,541</u>	<u>16,504,032</u>
Non-Controlling Interest in LPs and LLCs		
Owners' contributions	37,659,155	7,552,111
Owners' withdrawals	<u>(43,210)</u>	<u>(260,782)</u>
Changes in non-controlling interest in LPs and LLCs	<u>37,615,945</u>	<u>7,291,329</u>
Changes in net assets and non-controlling interest in LPs and LLCs	<u>38,809,486</u>	<u>23,795,361</u>
Balance, beginning of year	<u>88,278,738</u>	<u>64,483,377</u>
Balance, end of year	<u>\$ 127,088,224</u>	<u>\$ 88,278,738</u>

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Bellwether Owned Properties	Partnership Properties	Property Management	Real Estate Development	Total Program	Fundraising	General & Administrative	Total
Salary & benefits	\$ 1,935,936	\$ 1,244,126	\$ 3,635,678	\$ 1,638,240	\$ 8,453,980	\$ 236,126	\$ 1,334,983	\$ 10,025,089
Operating & maintenance	3,520,769	543,751	102,890	15,814	4,183,224	8,749	181,959	4,373,932
Professional fees	323,143	229,806	96,912	85,846	735,707	52,694	971,705	1,760,106
Occupancy	2,415,438	1,439,258	137,921	154,253	4,146,870	3,521	55,468	4,205,859
Trainings, meetings & memberships	12,146	7,973	44,748	27,026	91,893	95,446	79,230	266,569
Printing & communications	6,122	1,849	1,261	401	9,633	68,122	6,632	84,387
Depreciation and amortization	2,573,430	5,048,388	59,156	75,877	7,756,851	4,891	18,300	7,780,042
Interest Expense	2,647,939	3,201,302	5,919	323,409	6,178,569	79,180	2	6,257,751
Other	55,205	100,681	88,268	107,372	351,526	-	3,500	355,026
	<u>\$13,490,128</u>	<u>\$11,817,134</u>	<u>\$ 4,172,753</u>	<u>\$ 2,428,238</u>	<u>\$ 31,908,253</u>	<u>\$ 548,729</u>	<u>\$ 2,651,779</u>	<u>\$ 35,108,761</u>

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Bellwether Owned Properties	Partnership Properties	Property Management	Real Estate Development	Total Program	Fundraising	General & Administrative	Total
Salary & benefits	\$ 2,088,425	\$ 1,414,336	\$ 1,502,997	\$ 1,473,036	\$ 6,478,794	\$ 179,732	\$ 2,103,941	\$ 8,762,467
Operating & maintenance	2,792,132	1,371,099	195,142	549,735	4,908,108	100,365	342,293	5,350,766
Professional fees	42,913	59,068	75,243	191,406	368,630	5,334	488,043	862,007
Occupancy	1,853,871	661,321	13,189	35,451	2,563,832	48,333	138,636	2,750,801
Trainings, meetings & memberships	39,258	26,600	5,143	4,703	75,704	24,725	11,943	112,372
Printing & communications	239,560	338,447	-	-	578,007	-	-	578,007
Depreciation and amortization	2,356,221	4,440,280	-	-	6,796,501	-	-	6,796,501
Interest Expense	2,451,436	2,887,795	-	-	5,339,231	-	-	5,339,231
Other	109,643	223,777	84,737	-	418,157	-	-	418,157
	<u>\$11,973,459</u>	<u>\$11,422,723</u>	<u>\$ 1,876,451</u>	<u>\$ 2,254,331</u>	<u>\$ 27,526,964</u>	<u>\$ 358,489</u>	<u>\$ 3,084,856</u>	<u>\$ 30,970,309</u>

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Changes in net assets	<u>\$ 1,193,541</u>	<u>\$ 16,504,032</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	7,780,042	6,796,501
Amortization - debt issuance costs	246,192	177,370
(Gain) loss on investments	(3,798,999)	1,385,158
Forgiveness of debt	-	18,630
Gain on disposal of property and equipment	-	(23,362,845)
Changes in:		
Tenant and other receivables	(653,010)	109,455
Prepaid expenses and other assets	(142,059)	(180,095)
Accounts payable and accrued expenses	42,882	326,682
Security deposits	14,099	(379,553)
Accrued interest payable	(173,761)	190,249
Deferred interest payable	448,122	577,426
Total adjustments	<u>3,763,508</u>	<u>(14,341,022)</u>
Net cash provided by operating activities	<u>4,957,049</u>	<u>2,163,010</u>
Cash flows from investing activities		
Purchase of project development expenditures	(3,764,421)	-
Purchase of property and equipment	(8,176,581)	(39,345,235)
Proceeds from sale of properties	-	26,520,000
Gain (loss) on investments	3,798,999	(1,385,158)
Payments received on notes receivable	40,000	26,682
Net cash used in investing activities	<u>(8,102,003)</u>	<u>(14,183,711)</u>
Cash flows from financing activities		
Payment of construction payable	(3,344,543)	-
Principal payments on debt	(37,111,299)	(10,957,318)
Proceeds from debt	12,168,751	35,644,549
Debt issuance costs	(73,145)	(76,598)
Deferred costs	(32,383)	(507,237)
Distributions to non-controlling interest	(43,210)	(260,782)
Contributions from non-controlling interest	37,659,155	7,552,111
Net cash provided by financing activities	<u>9,223,326</u>	<u>31,394,725</u>
		(continued)

BELLWETHER HOUSING AND AFFILIATES**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Net changes in cash, cash equivalents, and restricted cash	6,078,372	19,374,024
Cash, cash equivalents, and restricted cash at beginning of year	<u>54,002,857</u>	<u>34,628,833</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 60,081,229</u>	<u>\$ 54,002,857</u>
Cash and cash equivalents	\$ 6,842,865	\$ 4,279,601
Cash and cash equivalents - Restricted	16,478,546	16,354,501
Investments and cash - Board designated reserves		
Administrative operating reserve	2,755,768	2,759,684
Pooled replacement reserve	2,046,841	1,959,959
Impact investment reserve	1,335,939	913,076
Opportunity Fund	27,331,270	27,736,036
Investments and cash - Building Opportunity Fund	<u>3,290,000</u>	<u>-</u>
Total cash, cash equivalents and restricted cash	<u>\$ 60,081,229</u>	<u>\$ 54,002,857</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 5,737,198</u>	<u>\$ 4,394,184</u>
Non-cash transactions		
Increase in properties from assumption of debt	<u>\$ -</u>	<u>\$ 4,782,875</u>
Increase in debt from tenant and other receivables	<u>\$ 900,196</u>	<u>\$ -</u>
		(concluded)

NOTE 1 - NATURE OF ACTIVITIES AND ORGANIZATION

Bellwether Housing is a nonprofit organization, founded in 1980, conducting activities in the State of Washington.

Our vision:

We envision diverse communities where people of all incomes and backgrounds share in the opportunity and prosperity of our region.

Our mission:

Bellwether Housing creates stable communities and access to opportunity through affordable housing. We develop and manage homes for people with limited incomes near job centers, transit, and services. We amplify our impact by helping other organizations in the Puget Sound region do the same.

Our residents:

Bellwether residents include families, young people starting out, seniors on fixed incomes, people with disabilities, and immigrants starting over in a new country. Fifty-two percent of our residents identify as people of color. One in five Bellwether residents experienced homelessness before moving in.

Our apartments are affordable to households with very low to moderate incomes. Our workforce housing serves families with moderate annual incomes of around \$53,500 to \$64,000 for a family of four. We also serve very low-income households, such as families exiting homelessness, who have annual incomes around \$32,000 for a family of four. For a single person, we serve people with incomes ranging from about \$22,000 to \$44,000 a year.

Our approach:

Bellwether Housing has been developing and operating affordable apartments for nearly 40 years. Founded in 1980, by the downtown Seattle business and civic leaders, Bellwether has grown to be Seattle's largest nonprofit affordable housing provider. As of December 31, 2019, Bellwether owns and manages 2,081 affordable homes in Seattle housing 2,400 people.

As dedicated stewards of our community resources, Bellwether holds itself deeply accountable for creating enduring affordable housing. We proactively manage all our resources: our finances, buildings, and our community relationships. Our stewardship allows us to weather economic downturns, create more affordable housing, and maintain the quality and affordability of our properties. We're strategic in our investments, seeking out opportunities that will strengthen the organization, benefit the community, and serve our residents.

Every Bellwether resident has access to our resident services program. Our resident services team connects residents to community resources that will support their housing stability and personal needs. The team creates community by hosting educational and social events for residents. Our goal is to keep people stably housed, and to ensure they truly can access resources and opportunities.

BELLWETHER HOUSING AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

External financial reporting for not-for-profit organizations

The consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, assets of the Corporation and changes therein are classified and reported as follows:

Net Assets With Donor Restriction – consists of unexpended contributions and grants restricted by the donor for a particular purpose or time period by the donor.

Net Assets Without Donor Restriction – are not subject to donor-imposed restrictions and are therefore available to support Bellwether's activities and operations at the discretion of the Board of Directors. A portion of the net assets without donor restrictions are designated by the board (refer to note 15).

Consolidation

The financial statements include the assets, liabilities, and activities of Bellwether Housing and the various limited partnerships and limited liability companies for which Bellwether, as the general partner or managing member, has a controlling financial and legal interest, and the various limited liability partnerships and limited liability companies wholly owned by Bellwether (collectively, "Bellwether"). All significant intercompany transactions have been eliminated in the consolidation. As of December 31, 2019 and 2018, Bellwether owned or operated the following low income housing properties in Seattle:

<u>Property</u>	<u>Low-Income Residential Units</u>	<u>Commercial and Cell Tower Units</u>
Anchor Flats Apartments	71	Yes
Annapolis Apartments *	23	Yes
Arbora Court	133	Yes
Bellevue/Olive Apartments *	48	Yes
Cambridge Apartments	157	-
Casa Pacifica Apartments *	65	Yes
Cascade Court *	100	-
Eagles Apartments *	44	-
First & Vine	82	Yes
Graham Terry Apartments *	121	-
Judkins Park Apartments*	16	-
Juneau & Pardee Townhomes *	19	-
Kingway Apartments*	164	-
Mercer Court *	24	-
Meridian Manor *	109	-
Olive Tower Apartments *	86	Yes
Oregon Apartments *	83	Yes
Rose Street	71	Yes
Security House Apartments	107	Yes
Sterling Court *	10	-

BELLWETHER HOUSING AND AFFILIATES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Consolidation (continued)**

<u>Property</u>	<u>Low-Income Residential Units</u>	<u>Commercial and Cell Tower Units</u>
Stewart Court *	65	Yes
Stone Way Apartments	70	Yes
Tate Mason House *	97	-
The Genesee	50	-
The Gilmore*	65	-
The Parker	50	-
Views at Madison *	96	-
Vine Court *	<u>55</u>	Yes
Total units owned	<u><u>2,081</u></u>	

* Bellwether owned properties

The following properties are managed but not owned by Bellwether and are therefore not consolidated:

<u>Managed Properties</u>	<u>Low-Income Residential Units</u>
Belboy	17
Heg Phillips House	11
Victorian Row Apartments	<u>14</u>
Total units managed	<u><u>42</u></u>

Investment in limited liability entities

Bellwether has an ownership interest in one limited liability companies (refer to Note 4). Bellwether's investment in these limited liability companies are carried under the equity method and adjusted for Bellwether's proportionate share of its undistributed earnings or losses.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses that are directly identifiable are allocated to programs. Accordingly, certain administrative costs are allocated among program and supporting services based on estimates of time and effort.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the consolidated statements of cash flows, all investments and restricted cash are cash equivalents. At December 31, 2019 and 2018, cash and cash equivalents consist of checking accounts, savings accounts, brokered investments, certificate of deposits and brokered certificate of deposits held at financial institutions.

Cash and cash equivalents – Restricted

Various lenders require reserves for replacement of building components, unusual operating costs and equipment replacement. Restricted cash also consists of escrows and other reserves required to be maintained by various operating agreements or state law. Most reserves are maintained in separate interest-bearing accounts. Certain lenders require prior authorization for withdrawals. For the years ended December 31, 2019 and 2018, restricted cash totaled \$16,478,546 and \$16,354,501 respectively.

Investments – Board designated reserves

Bellwether sets aside reserves for unanticipated future costs, future development opportunities and to investments that leverage Bellwether's ability to borrow capital from third parties for lines of credit and construction loans. These reserves are not restricted by loans or other agreements and are available for use as approved by the board of directors. Refer to Note 15.

Tenant receivable and bad debt policy

Tenant rent charges for the current month are due on the first of the month. Tenant receivables consist of amounts due for rents, damages and cleaning fees. Bellwether does not accrue interest on the resident receivable balances.

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not material to the consolidated financial statements for the years ended December 31, 2019 and 2018. Bad debts expensed for the years ended December 31, 2019 and 2018 totaled \$79,682 and \$65,188, respectively. For the year ended December 31, 2019 and 2018, bad debts expensed are less than 1% of revenue.

Property and equipment

Land, buildings and improvements are recorded at cost, or if donated, at fair value at date of receipt. Building costs are depreciated under the straight-line method over an estimated useful life of 20-40 years. Furniture and equipment are depreciated under the straight-line method over an estimated useful life of 5-15 years. Expenditures for maintenance and repairs are charged to expense as incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Property and equipment (continued)**

Bellwether reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated by the rental property, including any estimated proceeds from the eventual disposition of the property and equipment. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property. There were no impairment losses recognized during 2019 and 2018.

Predevelopment costs

Costs spent on design and permits, prior to construction on new projects or rehabilitation, are recorded as predevelopment costs. These costs are reimbursed by the new tax credit entities when the properties are syndicated. These costs are included in project development expenditures on the consolidated statements of financial position.

Debt issuance costs

Bellwether incurred debt issuance costs in connection with obtaining debt financing. These costs are capitalized and amortized on a straight-line basis over the term of the respective mortgage or loan. Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the consolidated financial statements for the years ended December 31, 2019 and 2018.

Deferred charges

Bellwether incurred costs in connection with operating leases, which have been capitalized and are amortized over the life of the respective leases using the straight-line method. Additionally, Bellwether incurred costs associated with obtaining various tax credit allocations. These costs are being amortized over the respective credit period using the straight-line method. Organizational cost incurred by Bellwether are expensed as incurred. For the years ended December 31, 2019 and 2018, amortization expense was \$44,032 and \$121,731, respectively.

Donated assets

Donations of property and equipment and other assets are recorded as revenue at their estimated fair value at the date of donation. Such donations are reported as revenue without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment and other assets are reported as revenue with donor restriction. Absent donor stipulations regarding how long these donated assets must be maintained, Bellwether reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Bellwether reclassifies net assets with donor restriction to net assets without donor restriction at that time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions: Contributions, including unconditional promises to give, are recognized in the period received or made.

Rental revenue: Rental revenue is recognized as it becomes due. Rental payments received in advance are deferred until earned. All leases between Bellwether and residential tenants are operating leases with terms of no longer than one year. Bellwether receives rent under commercial leases with terms from one to five years, some of which provide for increasing non-cancelable lease payments. Accounting principles generally accepted in the United States of America require such revenue be recognized over the term of the lease using the straight-line method, when realization is reasonably assured. Because recovery of the contractual rent increases is uncertain, management continues to recognize rental income from commercial leases as payments are due. All leases between Bellwether and the tenants of the commercial spaces are accounted for as operating leases.

Grants: Grant revenue is recognized to the extent related grant expenditures are incurred.

Advertising costs

Advertising costs are expensed as incurred and are included in operating expenses in the consolidated statements of activities and changes in net assets without donor restriction.

Property taxes

Bellwether is exempt from some, but not all, real property taxes. Property tax exemptions apply when at least seventy-five percent of the units in a building are occupied by people earning fifty percent or less of the area median income. For those properties that are required to pay property taxes, such taxes are expensed in the year of the lien on the property such that twelve months of expense are charged to operations each year.

Concentration of credit risk

Bellwether maintains cash balances with various regional and national financial institutions. The balances in the accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2019 and 2018, the cash balances held at some of these financial institutions exceeded the FDIC insurance limit. Bellwether has not experienced any losses in such accounts. Management believes that they are not exposed to any significant credit risk on cash and cash equivalents.

Bellwether's operations are concentrated in the multifamily real estate market. In addition, they operate in a heavily regulated environment. The operations of Bellwether are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies that are subject to change by an act of Congress or an administrative change mandated by the respective agency. Changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of credit risk (continued)

Bellwether has entered into short-term and long-term contracts with local, city, county, state, and federal housing authorities, in which they receive rental assistance for various properties. Rental assistance payments are contingent on periodic budget approvals, tax levies, and annual appropriations. During the year ended December 31, 2019 and 2018, rental assistance revenue was 31% and 32% of rental revenue, respectively.

Use of estimates in the preparation of consolidated financial statements

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

Fair value

Bellwether applies the accounting provisions related to fair value measurements. The provisions define and establish the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability and establishes the following fair value hierarchy:

- Level 1 - Inputs utilize quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access;
- Level 2 - Inputs may include quoted prices for similar assets or liabilities in active markets;
- and
- Level 3 - Unobservable inputs for the asset or liability based on the best available information.

For instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

Fair value and partnership exits

Bellwether is subject to the provisions of the Fair Value Measurement treatment cited above when limited partners or members transfer their equity interests upon the dissolution of a partnership or limited liability company. Bellwether restates fixed assets received in the transfer at their net book values and adjusted to fair market value as determined either by a) an appropriate appraisal, or b) the amount of net assets transferred to Bellwether. The latter method adjusts to fair value by marking to outstanding debt. The valuation technique is classified as Level 3 (see above) under the fair value measurements fair value hierarchy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Fair value of brokered investments**

Bellwether is subject to the provisions of the Fair Value Measurement treatment cited previously related to the brokered investments included in investments – board designated reserves and cash and cash equivalents. Bellwether adjusts the brokered investments to fair market value based on the type of investment. Gains (losses) are included in gain (loss) on cash investments on the consolidated statements of activities and changes in net assets without donor restriction. The valuation technique used for valuing mutual funds is classified as Level 1 under the fair value measurements fair value hierarchy (see above).

Income taxes

Bellwether Housing is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as other than a private foundation. Income taxes on partnership and LLC income are levied on the partners and members in their individual capacity. Accordingly, all profits and losses of the partnerships and LLCs are recognized by each partner and member on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires Bellwether to report information regarding its exposure to various tax positions taken. Bellwether has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that they have adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to Bellwether are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Change in accounting principle

On January 1, 2019, Bellwether adopted a new accounting standard that affects the accounting for revenue. Bellwether's revenue is mainly derived from leases, which is not impacted by this standard. Adopting this standard did not have a significant impact on the financial statements.

The new revenue standard also introduced new guidance for accounting for other income. Adopting this standard did not have a significant impact on the financial statements.

On January 1, 2019, Bellwether adopted new accounting standards that affect the statement of cash flows. These new standards address how certain cash receipts and payments are presented and classified in the statement of cash flows, including that debt prepayments and other debt extinguishment related payments are required to be classified as financing activities, when previously these payments were classified as an operating activity. The new standards also require the statement of cash flows to explain the change in cash, cash equivalents and restricted cash.

BELLWETHER HOUSING AND AFFILIATES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018****NOTE 3 - INVESTMENTS**

As of December 31, 2019 and 2018, investments consisted of the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,745,830	\$ 13,686,848
Fixed income securities:		
Government bonds	-	1,127,026
Mutual funds	20,387,550	7,735,654
Equities	<u>12,831,188</u>	<u>10,819,227</u>
Total	<u>\$35,964,568</u>	<u>\$ 33,368,755</u>

Investment income was comprised of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest, dividends, and realized gains	\$ 1,182,838	\$ 362,224
Unrealized gains (losses)	3,798,999	(1,385,158)

NOTE 4 - INVESTMENTS IN LIMITED LIABILITY ENTITIES

As of December 31, 2018, Bellwether had a 50% ownership share in Kenyon Housing LLC. Kenyon Housing LLC had a 0.01% capital interest in Kenyon Bozeman Limited Partnership, which owns and operates an eighteen unit apartment building located in Seattle, Washington. As of January 1, 2019, Bellwether exited Kenyon Housing LLC. As of December 31, 2019 and 2018, Bellwether has a 21% ownership share, respectively, in Baker Manager LLC. Baker Manager LLC has a 0.01% interest in Baker Apartments LLC which owns and operates an 84 unit apartment building located in Bellingham, Washington. Investments are reviewed for impairment on a periodic basis in accordance with accounting principles generally accepted in the United States of America. As of December 31, 2019 and 2018, Bellwether's carrying balance of these investments is \$21, which is included in prepaid expenses and other assets on the accompanying consolidated statements of financial position.

NOTE 5 - OWNERSHIP IN LIMITED LIABILITY ENTITIES

As of December 31, 2019, Bellwether was the general partner of operating tax credit limited partnerships and managing member of operating tax credit limited liability companies in Seattle, Washington as follows:

<u>Entity</u>	<u>Ownership Interest %</u>
1511 Dexter Limited Partnership	0.01%
Cambridge Limited Liability Limited Partnership	0.01%*
Genesee Limited Partnership	0.01%
HRG Rose Street Limited Partnership	0.01%
Judkins Park Apartments, LLC	0.01%

BELLWETHER HOUSING AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 5 - OWNERSHIP IN LIMITED LIABILITY ENTITIES (CONTINUED)

<u>Entity</u>	<u>Ownership Interest %</u>
Parker Apartments Limited Partnership	0.01%
Security House Limited Liability Limited Partnership	0.01%*
Stone Way Apartments, LLC	0.01%
Sunset Apartments Limited Partnership	0.01%
Third & Pine Redevelopment Limited Partnership	0.10%
University District Apartments 4% Limited Partnership	0.01%
University District Apartments 9% Limited Partnership	0.01%

*Bellwether has a 79% interest in the 0.01% general partner interest of the partnership.

During the year ended December 31, 2019, Bellwether purchased the investor's 99.99% membership interest in Judkins Park Apartments, LLC and transferred Judkins to Bellwether.

During the year ended December 31, 2019, Bellwether purchased the investor's 99.90% limited partner interest in Third & Pine Redevelopment Limited Partnership and transferred the Gilmore to Bellwether.

NOTE 6 - LONG TERM NOTES RECEIVABLE

Holly House Note

Bellwether has a note receivable from Pearlene Christopher, purchaser of Holly House, which was due upon the sale of the property. As of December 31, 2019 and 2018, \$9,200 was receivable. The note does not bear interest and is collateralized by a deed of trust.

Kenyon & Bozeman LP Note

Bellwether has a note receivable in the amount of \$100,000 from Kenyon & Bozeman Limited Partnership of which Bellwether was a part owner in its general partner. Principal payments are to be paid from Net Cash Flow, as defined in the note agreement, due 75 days after the close of the fiscal year. Any remaining principal balance as of November 30, 2058 will be forgiven. The principal balance will be forgiven if Kenyon Housing, LLC assumes a \$100,000 note payable to the City of Seattle. The note does not bear interest and is collateralized by the Kenyon House property. As of December 31, 2019 and 2018, due to loan provisions for forgiveness, \$0 and \$40,000, respectively, remains receivable. As of January 1, 2019, Bellwether is no longer associated with Kenyon Housing LLC.

BELLWETHER HOUSING AND AFFILIATES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018****NOTE 7 - PROPERTY AND EQUIPMENT AND PROJECT DEVELOPMENT EXPENDITURES**

As of December 31, 2019 and 2018, property development and rehabilitation costs had been incurred on the following properties:

	<u>2019</u>	<u>2018</u>
Bellwether Housing	\$ 236,241	\$ -
Graham Terry Apartments	34,299	-
Olive Tower Apartments	201,087	200,606
Vine Court Apartments	9,920	-
Stone Way Apartments	43,204	-
Various other properties	<u>-</u>	<u>14,466</u>
Construction in progress	<u>\$ 524,751</u>	<u>\$ 215,072</u>

On September 18, 2018, Bellwether purchased a 96-unit apartment project known as The Views at Madison at a cost of \$11,794,641.

During the year ended December 31, 2018, Bellwether sold the parking lot at Graham Terry Apartments to a third party. The sale resulted in the recognition of gain in the amount of \$7,802,252 which is included in gain on sale of property on the consolidated statements of activities and changes in net assets without donor restriction.

During the year ended December 31, 2018, Bellwether sold the land and building at John Winthrop Apartments to a third party. The sale resulted in the recognition of gain in the amount of \$15,560,093 which is included in gain on sale of property on the consolidated statements of activities and changes in net assets without donor restriction.

As of December 31, 2019 and 2018, project development expenditures had been incurred on the following properties:

	<u>2019</u>	<u>2018</u>
The Rise at Madison	\$ 1,631,884	\$ 86,175
Cedar Crossing	1,527,766	252,412
The Confluence	1,141,553	131,304
Rose II	420,681	-
Various other properties	<u>105,002</u>	<u>592,574</u>
Project development expenditures	<u>\$ 4,826,886</u>	<u>\$ 1,062,465</u>

Construction commenced in March 2020 on the Confluence, which is a property that shall consist of 103 affordable units located near the Tukwila Light Rail Station in Tukwila, WA. Total estimated development costs are \$40,500,000 with an expected completion date of September 2021.

Construction commenced in May 2020 on Cedar Crossing in partnership with Mercy Housing Northwest. The property shall provide 254 units of affordable homes, a childcare center, and retail in Seattle's Roosevelt neighborhood. Total estimated development costs are \$105,000,000 with an expected completion date of May 2022.

BELLWETHER HOUSING AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**NOTE 7 - PROPERTY AND EQUIPMENT AND PROJECT DEVELOPMENT EXPENDITURES
(CONTINUED)**

Construction is expected to commence in October 2020 on the Rise at Madison, which is a property that shall consist of 250 affordable units located in Seattle. Total estimated development costs are \$103,800,000 with an expected completion date of August 2022. The project is currently in predevelopment.

Construction is expected to commence in May 2021 on Rose II, which is a property that shall consist of 150 affordable units located in Seattle. The project is currently in predevelopment.

NOTE 8 - LONG TERM DEBT

Bellwether has entered into various debt agreements with various financial institutions and governmental agencies to fund acquisitions, pre-development costs, construction, and normal operations. The loans are secured by the associated real estate projects. Outstanding balances and terms of long term debt as of December 31, 2019 and 2018 are as follows:

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u> <u>Long Term Portion</u>	<u>Current Portion</u>
<u>Anchor Flats Apartments</u>						
10/21/16	4/21/19	*Umpqua Bank	1.96%	\$ 5,562,715	\$ -	\$ -
10/21/16	5/1/37	*Umpqua Bank	3.67%	5,730,000	5,601,856	82,361
<u>Arbora Court</u>						
11/28/16	4/1/36	*US Bank	4.82%	7,121,346	6,989,844	82,361
11/28/16	4/21/19	*US Bank	1.75% + 1 month LIBOR	6,504,413	-	-
06/01/19	4/1/36	*US Bank	5.89%	276,871	407,545	3,378
12/05/16	4/1/36	US Bank	5.89%	524,776	517,751	4,298
12/05/16	4/21/19	US Bank	2.995%	7,960,405	-	-
<u>Bellevue/Olive Apartments</u>						
8/26/94	8/31/35	State of Washington Washington Community Reinvestment Association	1.000%	94,795	84,509	5,143
08/31/16	9/1/23	Association	3.625%	1,803,482	1,725,232	39,833
<u>Bellwether Greenwood</u>						
12/3/18	12/3/21	US Bank	3.000%	2,000,000	2,000,000	-
8/1/18	12/31/23	Impact Capital	2.000%	55,658	55,658	-
<u>Bitter Lake</u>						
12/9/19	12/31/22	Enterprise	6.750%	-	2,300,500	-
12/9/19	12/31/27	Washington State Housing Finance Commission	0.000%	-	1,507,500	-

BELLWETHER HOUSING AND AFFILIATES
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**
NOTE 8 - LONG TERM DEBT (CONTINUED)

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u>	
					<u>Long Term Portion</u>	<u>Current Portion</u>
Tukwila 2/15/18	1/1/26	Washington State Housing Finance Commission	1.000%	\$ 1,262,500	\$ 1,262,500	\$ -
Stewart Court 2/9/01	6/30/21	City of Seattle	1.000%	75,749	31,171	-
Rose Street Commercial 8/31/11	8/31/21	Rainier Valley Community Development Fund	5.000%	498,261	463,085	18,046
Impact Investor Notes** 7/1/15	12/31/20	Various	2.000%	1,814,000	-	1,814,000
Impact Investor Notes*** 10/1/16	12/31/21	Various	2.000%	1,935,000	1,900,000	-
Impact Investor Notes**** Various	12/31/34	Various	2.000%	-	4,143,196	-
<u>Cambridge Apartments</u>						
12/21/16	2/1/38	*Chase Bank	4.580%	-	8,618,363	97,798
12/21/16	8/21/19	*Chase Bank	2.5% + 1 month LIBOR	23,554,543	-	-
12/21/16	7/1/42	State of Washington	0.000%	512,000	469,334	21,333
<u>Casa Pacifica Apartments</u>						
11/7/07	11/1/37	*Seattle Housing Authority	5.850%	3,225,000	3,025,000	105,000
<u>Cascade Court</u>						
11/6/92	11/30/42	State of Washington	1.000%	263,576	245,643	9,011
4/30/13	5/1/33	Umpqua Bank	4.24%	4,934,776	4,696,807	121,256
12/8/17	1/1/25	Washington State Housing Finance Commission	2.75%	99,757	68,124	15,955
<u>Eagles</u>						
3/19/97	4/1/27	Pacific Life	8.79%	354,147	291,945	32,463
<u>First and Vine</u>						
7/27/11	1/1/28	US Bank	6.67%	2,364,494	2,253,079	57,368
<u>Graham Terry Apartments</u>						
12/15/10	1/1/21	Enterprise	5.52%	2,633,615	2,512,709	61,941

BELLWETHER HOUSING AND AFFILIATES
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**
NOTE 8 - LONG TERM DEBT (CONTINUED)

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u>	
					<u>Long Term Portion</u>	<u>Current Portion</u>
<u>Judkins Park Apartments</u>						
3/19/04	2/1/21	Umpqua Bank	6.55%	\$ 358,152	\$ 334,243	\$ 12,319
<u>Juneau & Pardee Townhomes</u>						
7/31/05	8/15/33	Umpqua Bank	5.60%	411,031	388,261	11,676
<u>Kingway Apartments</u>						
2/24/98	3/1/28	*Seattle Housing Authority	5.48%	2,354,093	1,940,939	212,223
4/27/06	8/1/26	City of Seattle	1.00%	42,347	32,061	5,168
<u>Mercer Court</u>						
12/31/12	1/1/33	Umpqua Bank	4.17%	1,024,384	975,320	25,001
<u>Meridian Manor</u>						
10/1/09	10/1/25	MUFG Union Bank	5.400%	7,247,878	6,894,114	181,646
10/1/09	12/31/60	City of Seattle	1.000%	2,950,000	2,950,000	-
9/23/09	5/31/50	State of Washington	1% on 500k Begin 2016	2,963,633	2,938,902	12,366
<u>Olive Tower Apartments</u>						
2/28/07	3/1/27	Home Street Bank	5.750%	2,213,031	2,067,510	74,847
12/8/17	7/1/25	Washington State Housing Finance Commission	2.000%	77,339	52,942	12,320
<u>Oregon Apartments</u>						
10/31/07	11/1/27	*Chase Bank	5.35%	2,102,052	1,966,331	69,671
10/31/07	11/1/27	Chase Bank	5.80%	218,068	204,609	6,924
<u>Rose Street Apartments</u>						
2/8/10	2/1/27	*US Bank	5.70%	3,926,453	3,807,879	60,539
<u>Security House Apartments</u>						
12/21/16	4/10/53	*Chase Bank	4.58%	8,287,803	8,082,560	104,472
03/12/99	12/31/39	State of Washington	1.00%	1,212,481	1,108,135	52,173
12/20/16	12/20/66	City of Seattle	1.00%	2,491,300	2,491,300	
12/20/16	12/20/66	City of Seattle – Discount	2.26%	(1,214,230)	(1,163,638)	(25,296)
<u>Stewart Court</u>						
2/8/06	2/8/36	*Seattle Housing Authority	5.02%	4,361,157	4,040,978	163,859
2/8/06	2/8/26	US Bank	6.65%	721,732	677,736	22,672
2/8/06	6/30/26	City of Seattle	1.00%	50,196	38,173	12,023

BELLWETHER HOUSING AND AFFILIATES
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**
NOTE 8 - LONG TERM DEBT (CONTINUED)

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u>	
					<u>Long Term Portion</u>	<u>Current Portion</u>
<u>Stone Way Apartments</u>						
7/28/05	8/1/25	*Seattle Housing Authority	4.90%	\$ 2,406,689	\$ 2,242,173	\$ 84,137
7/28/05	8/1/25	US Bank	6.50%	977,595	920,733	29,278
<u>Tate Mason House</u>						
12/2/13	1/1/29	Banner Bank	5.50%	3,131,643	2,950,981	92,826
<u>The Genesee</u>						
12/21/04	1/1/38	*Chase Bank	5.100%	1,054,116	985,296	35,286
<u>The Gilmore</u>						
12/24/01	1/1/34	*Chase Bank	5.945%	2,133,701	1,947,897	95,656
<u>The Parker</u>						
8/5/14	8/5/30	*US Bank	4.700%	3,387,741	3,260,313	65,010
<u>Views at Madison</u>						
9/12/18	9/1/48	*Beneficial State Bank	3.710%	6,961,722	6,685,755	134,421
9/12/18	9/1/48	Beneficial State Bank	4.850%	547,300	529,328	8,736
8/27/01	12/31/52	Washington State DCTED	1.000%	654,659	621,974	16,424
8/27/01	6/30/52	Seattle Office of Housing	1.000%	1,492,942	1,487,920	2,520
<u>Vine Court</u>						
5/5/10	4/1/20	Enterprise	5.960%	<u>2,318,633</u>	<u>-</u>	<u>2,267,123</u>
				<u>\$148,027,520</u>	<u>\$112,632,076</u>	<u>\$6,417,566</u>

* This loan was financed with proceeds of tax-exempt bonds. The loan is secured by a note payable with the lender, and the loan is collateralized by the building.

**Bellwether Impact Investor Notes - 2015 Issue

In July 2015, Bellwether entered into a series of unsecured Promissory Notes ("Notes") with one institution and various accredited and qualified individuals totaling \$1,814,000 and bearing interest of 2% payable quarterly. These notes were the first offering under Bellwether's Impact Investment program to secure low-interest private funds to support the organization's housing development activities. The maturity date of all Notes is December 31, 2020. At the election of Bellwether, the Notes may be prepaid in whole or in part at any time without penalty. While no sinking fund is required, Bellwether has established a fund as an aid toward repayment of principal at maturity. During each of the years ended December 31, 2019 and 2018, deposits of \$191,800 were made to the fund. Management intends to deposit \$191,800 annually through 2020 for the 2015 Issue. This fund is included in investments and cash - board designated reserves on the accompanying consolidated statements of financial position.

BELLWETHER HOUSING AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 8 - LONG TERM DEBT (CONTINUED)

*** Bellwether Impact Investor Notes - 2016 Issue

In October 2016, the Corporation entered into a series of unsecured Promissory Notes (“Notes”) with one institution and various accredited and qualified individuals totaling \$1,935,000 and bearing interest of 2% payable quarterly. These notes were the second offering under Bellwether’s Impact Investment program to secure low-interest private funds to support the organization’s housing development activities. The maturity date of all Notes is December 31, 2021. At the election of the Corporation the Notes may be prepaid in whole or in part at any time without penalty. While no sinking fund is required, the Corporation has established a fund as an aid toward repayment of principal at maturity. During the years ended December 31, 2019 and 2018, deposits of \$183,500 were made to the fund. Management intends to deposit \$183,500 annually through 2021 for the 2016 Issue. This fund is included in investments and cash – board designated reserves on the accompanying consolidated statements of financial position.

**** Bellwether Impact Investor Notes - 2019 Issue

Beginning in June 2019, the Corporation entered into a series of unsecured Promissory Notes (“Notes”) with various entities and accredited and qualified individuals totaling \$4,143,196 and bearing interest of 2% payable quarterly. These notes were the third offering under Bellwether’s Impact Investment program to secure low-interest private funds to support the organization’s housing development activities as part of its Building Opportunity funding campaign (see note 16). The maturity date of all Notes is December 31, 2034. At the election of the Corporation the Notes may be prepaid in whole or in part at any time without penalty. As of December 31, 2019, \$853,196 had yet to be received by Bellwether, which is included in tenant and other receivables on the accompanying consolidated statements of financial position. During 2020, these funds were received (see note 17). While no sinking fund is required, the Corporation shall establish a fund in 2020 as an aid toward repayment of principal at maturity. Management intends to deposit \$471,070 annually through 2034 for the 2019 Issue.

NOTE 9 - DEFERRED LOANS AND GRANTS

Bellwether has entered into various loan and grant agreements with various governmental agencies and one private institution to fund acquisitions, pre-development costs, construction and normal operations. The loans are secured by the associated real estate projects. The terms contain deferred principal payments or are ultimately forgivable loans and grants with balances payable as of December 31, 2019 and 2018 as follows:

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u>
<u>Anchor Flats Apartments</u>					
10/21/16	12/31/66	City of Seattle	1%	\$ 5,724,833	\$ 7,012,654
<u>Annapolis Apartments</u>					
8/2/05	11/1/43	City of Seattle	1%	458,000	458,000

BELLWETHER HOUSING AND AFFILIATES
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**
NOTE 9 - DEFERRED LOANS AND GRANTS (CONTINUED)

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u>
<u>Arbora Court</u>					
12/2/16	6/30/68	City of Seattle	1%	\$ 5,730,000	\$ 5,730,000
12/2/16	6/30/68	City of Seattle	1%	563,000	563,000
12/5/16	2/28/68	King County Department of Community and Human Services	1%	380,000	400,000
7/26/16	2/28/68	State of WA Department of Commerce	3%	2,469,116	2,500,000
<u>Bellevue/Olive Apartments**</u>					
6/19/95	6/19/20	City of Seattle	1%	736,000	736,000
<u>Bellwether</u>					
3/14/14	2/28/20	MUFG Union Bank	2.5%	250,000	250,000
3/31/15	3/31/20	MUFG Union Bank	2.5%	250,000	250,000
12/14/12	10/31/20	Commerce Bank Line of Credit	1-month LIBOR + 1.75%, minimum 2.5%	750,313	4,387,133
<u>Tukwila</u>					
2/15/18	12/31/23	Enterprise Community Loan Fund	3.89%	957,000	957,000
<u>Rose Street Buddha Jewel***</u>					
9/8/16	6/30/20	Rainier Valley Community Development Fund	2.75%	1,050,000	1,050,000
7/13/16	7/31/24	Rainier Valley Community Development Fund	1%	1,750,000	1,750,000
<u>Rainier Beach land remnant</u>					
3/31/08	6/30/20	Rainier Valley Community Development Fund	4%	867,000	867,000
<u>The Genesee</u>					
2/24/05	3/1/46	US Department of Housing and Urban Development	0%	2,085,500	2,085,500
<u>Casa Pacifica Apartments</u>					
10/22/98	10/22/23	City of Seattle	1%	1,104,000	1,104,000
<u>First and Vine</u>					
7/27/11	10/31/62	City of Seattle	1%	2,243,163	2,243,163
<u>Graham & Terry Apartments</u>					
12/11/90	12/11/30	State of Washington	0%	350,000	350,000
5/1/90	4/30/31	State of Washington	0%	500,000	500,000

BELLWETHER HOUSING AND AFFILIATES
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**
NOTE 9 - DEFERRED LOANS AND GRANTS (CONTINUED)

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u>
<u>Judkins Park Apartments</u>					
3/18/04	3/17/54	City of Seattle	1%	\$ 984,765	\$ 984,765
3/19/04	2/29/44	Seattle Housing Authority	1%	400,340	400,340
<u>Juneau & Paradee Townhomes</u>					
11/2/92	6/1/33	State of Washington	0%	487,500	487,500
<u>Kenyon House</u>					
12/1/07	11/30/58	City of Seattle	0%	40,000	-
<u>Mercer Court*</u>					
11/3/97	11/3/22	City of Seattle	1%	368,000	368,000
<u>Olive Tower Apartments</u>					
7/20/84	3/1/27	City of Seattle	0%	527,184	527,184
<u>Rose Street Apartments</u>					
2/8/10	3/31/61	City of Seattle	Contingent Int not to exceed 7%	4,260,000	4,260,000
2/8/10	12/31/60	State of Washington	0%	4,200,000	4,200,000
2/8/10	3/31/61	State of Washington	0%	750,123	750,123
6/2/10	3/31/61	King County Department of Community and Human Services	1%	200,000	200,000
<u>Stone Way Apartments</u>					
7/27/05	7/27/55	City of Seattle	1%	500,000	500,000
7/27/05	7/27/55	City of Seattle	1%	2,135,000	2,135,000
7/28/05	9/30/46	Washington State Housing Trust Fund	1%	1,750,000	1,750,000
7/28/05	7/31/55	Seattle Housing Authority	1%	1,500,000	1,500,000
<u>The Genesee</u>					
12/21/04	12/21/54	City of Seattle	1%	516,000	516,000
12/10/04	12/31/45	State of Washington	1%	900,000	900,000
<u>The Gilmore</u>					
12/21/04	12/24/51	Washington State Convention & Trade Center	0%	1,000,000	1,000,000
1/3/03	1/3/53	City of Seattle	1%	112,967	112,967
<u>The Parker</u>					
8/5/14	8/5/64	City of Seattle	1%	3,650,000	3,650,000

BELLWETHER HOUSING AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 - DEFERRED LOANS AND GRANTS (CONTINUED)

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Outstanding Balance - 2018</u>	<u>Outstanding Balance - 2019</u>
<u>Views at Madison</u>					
8/27/01	12/31/52	Washington State Convention & Trade Center	0%	1,745,365	1,745,365
8/27/01	12/31/42	City of Seattle	1%	<u>889,908</u>	<u>826,106</u>
				<u>\$55,135,077</u>	<u>\$60,006,800</u>
Current portion of deferred loans and grants					
		Bellwether Union Bank			500,000
		Bellwether Commerce LOC			4,387,133
		Graham & Terry Apartments			500,000
		Rose Street Buddha Jewel			1,050,000
		Rainier Beach land remnant			<u>867,000</u>
					<u>\$ 7,304,133</u>

* This loan provides for forgiveness of 5% of accrued interest annually effective on the 21st anniversary date of the loan.

** This loan provides for 10 additional 5-year extension options.

*** Bellwether is in the process of requesting a 12 month extension.

Maturities of long term debt and deferred loans and grants

Estimated principal payments for the next five years and thereafter are approximately as follows:

	<u>Total Debt</u>
2020	\$ 12,671,699
2021	8,961,051
2022	4,773,238
2023	5,209,788
2024	4,423,904
Thereafter	<u>143,056,762</u>
	179,056,442
Debt issuance costs, net	<u>(2,282,572)</u>
	<u>\$ 164,102,171</u>

Debt issuance costs of \$4,313,685 and \$4,240,540 were incurred in connection with obtaining Bellwether's debt at December 31, 2019 and 2018, respectively. For the year ended December 31, 2019 and 2018, the effective interest rate was 3.27% and 2.85%, respectively. For the years ended December 31, 2019 and 2018, amortization expense was \$246,192 and \$177,370, respectively, which is included in interest expense on the accompanying consolidated statements of unrestricted activities without donor restriction. At December 31, 2019 and 2018, accumulated amortization was \$2,282,572 and \$1,784,920, respectively.

BELLWETHER HOUSING AND AFFILIATES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018****NOTE 10 - EMPLOYEE RETIREMENT PLAN**

For substantially all employees with one year of service, Bellwether has adopted a defined contribution retirement plan under Internal Revenue Code section 403(b). On July 1, 2013 Bellwether changed what was formerly a profit-sharing plan to one with a matching provision and a profit-sharing option. Employees' contributions to the fund are discretionary. From the initial plan's inception through June 30, 2013 the annual Bellwether contribution was the greater of \$300 per quarter or 3% of the employee's compensation regardless of employee participation. After July 1, 2013 Bellwether matches the first 3% of the employee's contribution and half of the employee's contribution rate for the next 2% that the employee contributes for a maximum employer match of 4%. For the years ended December 31, 2019 and 2018, Bellwether contributed \$436,587 and \$360,261, respectively, to the retirement plan, which include company discretionary bonus contributions of \$255,500 and \$155,712, all respectively.

NOTE 11 - RECONCILIATION OF NET ASSETS WITHOUT DONOR RESTRICTION

The change in consolidated net assets without donor restriction and partnership losses attributed to controlling interest and non-controlling interest for the years ended December 31, 2019 and 2018 is as follows:

	<u>Controlling Interest</u>	<u>Non-Controlling Interest</u>	<u>Totals</u>
Balance January 1, 2018	\$ 50,393,764	\$ 13,757,983	\$ 64,151,747
Change in consolidated net assets without donor restriction and partnership losses	17,519,413	(981,925)	16,537,488
Withdrawals	-	(260,781)	(260,781)
Contributions	-	7,552,111	7,522,111
Balance December 31, 2018	67,913,177	20,067,388	87,980,565
Change in consolidated net assets without donor restriction and partnership losses	(2,670,549)	2,878,689	(208,140)
Withdrawals	-	(43,210)	(43,210)
Contributions	-	37,659,155	37,659,155
Balance December 31, 2019	<u>\$70,583,726</u>	<u>\$54,804,644</u>	<u>\$125,388,370</u>

BELLWETHER HOUSING AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of unexpended contributions or grants restricted for a particular purpose or time period. Net assets with donor restrictions are transferred to net assets without donor restriction as expenditures are incurred and the related time and use purpose has been met. Net assets with donor restrictions are restricted for the following purposes at December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Capital campaign – Building Opportunity Fund	\$ 1,392,599	\$ -
Resident services	<u>307,255</u>	<u>298,173</u>
Total	<u>\$ 1,699,854</u>	<u>\$ 298,173</u>

NOTE 13 - COMMERCIAL LEASES

Unrelated Operating Leases

Five of the Bellwether owned properties (Annapolis Apartments, Eighth & Stewart Limited Partnership, Olive Tower Apartments, Oregon Apartments, and Vine Court Apartments) and two of the affiliated entities (Sunset Apartments Limited Partnership and Security House Limited Liability Limited Partnership) have entered into non-cancelable, triple-net operating lease agreements with unrelated entities.

Affiliated Operating Leases

Bellwether has a commercial master lease with Stone Way Apartments, LLC and Sunset Apartments Limited Partnership and sub-leases to unrelated parties as commercial residents. Bellwether also leases office space from Bellevue/Olive Limited Partnership and Casa Pacifica Apartments.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Bellwether provides a commercial guaranty pursuant to a loan agreement with Banner Bank in the amount of \$3,500,000 for the benefit of Tate Mason House, LLC.

Bellwether has entered into a land lease agreement with Eighth & Stewart Limited Partnership dated February 8, 2001. Bellwether leases the land under Stewart Court to Eighth & Stewart Limited Partnership. The land lease will remain in effect throughout the duration of the partnership. The agreement required annual rental payments of \$60,000 increased at 3%. During 2009, the agreement was amended and the annual rental payment was reduced to \$22,935 annually with no annual escalation. For the years ended December 31, 2019 and 2018, rental payments of \$22,935 were received, and are eliminated in consolidation.

Bellwether is the general partner of certain operating tax credit limited partnerships and managing member of certain operating tax credit limited liability companies. Bellwether has entered into various guaranty agreements related to the delivery of tax credits and the funding of operating deficits in accordance with the provisions of the partnership and operating agreements. Bellwether may be required to contribute funds to cover any tax credit shortfalls or operating deficits.

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of December 31, 2019 and 2018, Bellwether has \$42,323,114 and \$38,058,331, respectively, of financial assets available for general expenditure within one year of the statement of financial position dates. Management assesses its ability to meet its current financial obligations throughout the year, and has set internal targets for cash and debt to ensure that the organization can meet its general expenditures and other obligations as they become due.

Bellwether considers its assets available for general expenditure to include cash and cash equivalents, tenant and other receivables, and internally designated reserves. Bellwether considers revenue sources without donor restriction (rents, developer fees, interest) sufficient to meet its general expenditure levels. As part of the budgeting process, Bellwether makes appropriations at each fiscal year end and invests surplus cash flows into the following internally designated reserves:

Administrative Operating Reserve – The administrative operating reserve was established to support short-term deficits in the event of unforeseen circumstances. Bellwether has set an internal target of 4 to 6 months of operating expenditures. The administrative reserve balance at December 31, 2019 and 2018 was \$2,755,768 and \$2,759,684, respectively.

Pooled Replacement Reserves – The pooled replacement reserve fund was established to supplement the required replacement reserves held by each building. The pooled replacement reserve shall be used when the required building level reserves are insufficient to cover emergent repairs and replacement needs. The pooled replacement reserve balance at December 31, 2019 and 2018 was \$2,046,841 and \$1,959,959, respectively.

Impact Investment Reserves – The impact investment reserves serve as an internal ‘debt sinking fund’ to support those private investor loans made to the organization at their maturity date; provided those loans are not refinanced. The impact investment reserve balance at December 31, 2019 and 2018 was \$1,335,939 and \$913,076, respectively.

Opportunity Fund – The Opportunity Fund serves to provide leverage to strengthen Bellwether’s ability to borrow capital from third parties that would further the mission of Bellwether Housing. Provided that Bellwether’s liquidity remains sufficient to maintain its desired borrowing capacity, the CEO may determine that an effective use of this fund may be to provide short, mid, or long-term financing of acquisition and development costs that support the creation of affordable housing. The opportunity reserve balance at December 31, 2019 and 2018 was \$27,331,270 and \$27,736,036, respectively.

As these reserve funds are internally designated, management may at its discretion use these funds to support general expenditures should the need arise. Bellwether also has access to a line of credit (see Note 9).

NOTE 16 – BUILDING OPPORTUNITY FUNDING CAMPAIGN

During 2019, Bellwether began its Building Opportunity funding campaign to raise \$9,000,000 to build 750 new affordable apartments through donations, grants, and impact investments. The apartments are expected to serve families, seniors, young adults, teachers, service workers, and other community members in the Seattle and Tukwila areas, located near public transit areas. As of December 31, 2019 and 2018, \$4,143,196 and \$0, respectively, was raised as impact investment funding (see note 8), of which \$853,196 and \$0, respectively was not received as of December 31, 2019 and 2018. For the years ended December 31, 2019 and 2018, \$1,515,163 and \$0, respectively, was recognized as grants and contributions with restrictions, of which \$47,000 and \$0, respectively, was not received as of December 31, 2019 and 2018. All amounts receivable as of December 31, 2019 and 2018 are included in tenant and other receivables as of December 31, 2019 and 2018. As of December 31, 2019 and 2018, there was \$3,290,000 and \$0, respectively, in restricted cash held for the Building Opportunity Fund campaign.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 17, 2020, which is the date the financial statements were available to be issued. The following is a summary of significant events through July 17, 2020.

The spread of a novel strain of coronavirus (COVID-19) beginning in the first quarter of 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on Bellwether's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees and vendors, all of which are uncertain and cannot be determined at this time.

On April 10, 2020, Bellwether obtained a loan from Zions Bancorporation, N.A. (dba the "Commerce Bank of Washington") under the SBA Paycheck Protection Program, authorized by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") of March 2020. The loan is in the amount of \$1,533,932 and bears annual interest at a rate of 1% per annum. No payments shall be made in the first six months. Monthly principal and interest payments are due beginning November 10, 2020, and all remaining principal and interest outstanding shall be due on April 10, 2022. The loan may be forgiven if certain requirements of the loan agreement are met. The loan is not secured.

During 2020, Bellwether received donations of 8-unit and 16-unit multifamily properties from the University Congregational Housing Association.

During 2020, Bellwether received \$853,196 in Bellwether Impact Investor Notes - 2019 Issue (see note 8).

On March 31, 2020, Bellwether issued a bridge loan to Vine Court to pay the Enterprise debt in full. Vine Court is in the process of obtaining a new note from Boeing Education Credit Union (BECU) in the amount \$4,300,000. The proceeds of the BECU debt shall be used to repay the bridge loan to Bellwether and to cover significant building repairs.

BELLWETHER HOUSING AND AFFILIATES
SUPPLEMENTARY INFORMATION

BELLWETHER HOUSING AND AFFILIATES

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

ASSETS	2019				2018			
	Bellwether Consolidated	Partnerships and LLCs	Eliminations	Consolidated Total	Bellwether Consolidated	Partnerships and LLCs	Eliminations	Consolidated Total
Current assets								
Cash and cash equivalents	\$ 4,156,407	\$ 2,686,458	\$ -	\$ 6,842,865	\$ 2,040,521	\$ 2,239,080	\$ -	\$ 4,279,601
Cash and cash equivalents - Restricted	10,339,540	6,139,006	-	16,478,546	7,611,697	8,742,804	-	16,354,501
Investments and cash - Board designated reserves	33,469,818	-	-	33,469,818	33,368,755	-	-	33,368,755
Investments and cash - Building Opportunity Fund	3,290,000	-	-	3,290,000	-	-	-	-
Tenant and other receivables	2,154,193	346,436	(537,448)	1,963,181	1,103,625	240,957	(934,607)	409,975
Project development expenditures	4,826,886	-	-	4,826,886	1,062,465	-	-	1,062,465
Prepaid expenses and other assets	1,926,219	102,031	(1,328,974)	699,276	1,437,454	252,342	(1,132,579)	557,217
Total current assets	60,163,063	9,273,931	(1,866,422)	67,570,572	46,624,517	11,475,183	(2,067,186)	56,032,514
Property and equipment and other assets								
Property and equipment, net	79,072,063	180,907,675	(17,671,634)	242,308,104	68,705,340	192,001,929	(18,876,242)	241,831,027
Deferred costs, net	-	454,914	-	454,914	97,581	466,563	-	564,144
Long-term notes - affiliates	44,313,995	-	(44,313,995)	-	53,003,685	-	(53,003,685)	-
Long-term notes receivable	9,200	-	-	9,200	49,200	-	-	49,200
Total assets	\$ 183,558,321	\$ 190,636,520	\$ (63,852,051)	\$ 310,342,790	\$ 168,480,323	\$ 203,943,675	\$ (73,947,113)	\$ 298,476,885
LIABILITIES AND NET ASSETS								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,549,912	\$ 278,152	\$ -	\$ 1,828,064	\$ 1,446,848	\$ 342,190	\$ (3,856)	\$ 1,785,182
Construction payables	-	-	-	-	-	3,344,543	-	3,344,543
Short-term notes and advances	209,366	330,811	(537,448)	2,729	123,675	1,327,516	(1,451,191)	-
Accrued interest payable	234,550	166,868	-	401,418	195,471	379,708	-	575,179
Security deposits	529,250	283,331	-	812,581	504,535	293,947	-	798,482
Current portion of long term debt	12,954,884	766,815	-	13,721,699	2,623,827	35,542,377	-	38,166,204
Total current liabilities	15,477,962	1,825,977	(537,448)	16,766,491	4,894,356	41,230,281	(1,455,047)	44,669,590
Long-term liabilities								
Deferred interest payable	1,340,219	4,749,478	(2,653,793)	3,435,904	1,185,851	1,801,931	-	2,987,782
Long-term debt, deferred loans and grants, net of current maturities	78,212,930	87,121,813	-	165,334,743	76,436,101	88,560,294	-	164,996,395
Less: unamortized debt issuance costs	(1,097,020)	(1,184,303)	(1,249)	(2,282,572)	(1,114,524)	(1,339,847)	(1,249)	(2,455,620)
Long-term notes	-	-	-	-	-	-	-	-
Long-term notes - affiliates	-	41,660,202	(41,660,202)	-	-	52,496,952	(52,496,952)	-
Total long-term liabilities	78,456,129	132,347,190	(44,315,244)	166,488,075	76,507,428	141,519,330	(52,498,201)	165,528,557
Total liabilities	93,934,091	134,173,167	(44,852,692)	183,254,566	81,401,784	182,749,611	(53,953,248)	210,198,147
Net assets								
Net assets without donor restriction	87,924,376	-	(17,340,650)	70,583,726	86,780,366	-	(18,867,189)	67,913,177
Net assets with donor restriction	1,699,854	-	-	1,699,854	298,173	-	-	298,173
Non-controlling interest in LPs and LLCs	-	56,463,353	(1,658,709)	54,804,644	-	21,194,064	(1,126,676)	20,067,388
Total net assets	89,624,230	56,463,353	(18,999,359)	127,088,224	87,078,539	21,194,064	(19,993,865)	88,278,738
Total liabilities and net assets	\$ 183,558,321	\$ 190,636,520	\$ (63,852,051)	\$ 310,342,790	\$ 168,480,323	\$ 203,943,675	\$ (73,947,113)	\$ 298,476,885

BELLWETHER HOUSING AND AFFILIATES

**CONSOLIDATING STATEMENTS OF ACTIVITIES WITHOUT DONOR RESTRICTION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019				2018			
	Bellwether Consolidated	Partnerships and LLCs	Eliminations	Consolidated Total	Bellwether Consolidated	Partnerships and LLCs	Eliminations	Consolidated Total
Revenue and Public Support								
Rental income	\$ 16,938,639	\$ 11,154,406	\$ (320,670)	\$ 27,772,375	\$ 15,087,013	\$ 8,906,784	\$ (283,643)	\$ 23,710,154
Property management	1,432,595	-	(1,378,567)	54,028	1,391,211	-	(1,197,478)	193,733
Consulting fees	471,237	-	-	471,237	203,938	-	-	203,938
Development fees	-	-	-	-	1,283,093	-	(1,283,093)	-
Deferred development	-	-	-	-	3,235,464	-	(3,235,464)	-
Construction management fees	-	-	-	-	220,000	-	(220,000)	-
Interest, dividends, and realized gains	1,242,227	15,903	-	1,258,130	362,224	13,361	-	375,585
Interest income - notes	869,138	-	(869,138)	-	920,724	-	(920,724)	-
Grants and contributions	789,132	383,075	-	1,172,207	711,385	136,964	-	848,349
Net assets released from restrictions	123,482	-	-	123,482	150,533	-	-	150,533
Other income	1,485,050	99,865	(1,334,752)	250,163	13,812	34,006	-	47,818
Total Revenue and Public Support	23,351,500	11,653,249	(3,903,127)	31,101,622	23,579,397	9,091,115	(7,140,402)	25,530,110
Expenses								
Program Expenses								
Rental operations								
Operating expenses	8,268,757	5,497,200	(1,983,501)	11,782,456	7,165,803	5,225,339	(1,354,465)	11,036,677
Depreciation and amortization	2,573,428	5,422,390	(418,034)	7,577,784	2,356,223	4,748,317	(308,039)	6,796,501
Interest expense	2,647,939	4,114,473	(869,138)	5,893,274	2,451,434	3,423,034	(535,239)	5,339,229
Development and property management	6,600,992	-	-	6,600,992	4,130,782	-	-	4,130,782
Other	-	783,564	(729,817)	53,747	-	381,757	(157,982)	223,775
Total Program Expenses	20,091,116	15,817,627	(4,000,490)	31,908,253	16,104,242	13,778,447	(2,355,725)	27,526,964
Supporting Service Expenses								
Management and general	2,651,779	-	-	2,651,779	2,429,131	-	31,326	2,460,457
Management and general - partnerships and LLCs	-	-	-	-	624,399	-	-	624,399
Fundraising	548,729	-	-	548,729	358,489	-	-	358,489
Total Supporting Service Expenses	3,200,508	-	-	3,200,508	3,412,019	-	31,326	3,443,345
Total Expenses	23,291,624	15,817,627	(4,000,490)	35,108,761	19,516,261	13,778,447	(2,324,399)	30,970,309
Gains and (Losses)								
Gain (loss) on partnerships and LLCs	-	-	-	-	(715)	-	715	-
Gain (loss) on sale of property	-	-	-	-	23,378,341	-	(15,496)	23,362,845
Gain (loss) on investments	3,577,197	12,480	209,322	3,798,999	(1,385,158)	-	-	(1,385,158)
Total Gains and (Losses)	3,577,197	12,480	209,322	3,798,999	21,992,468	-	(14,781)	21,977,687
Change in Net Assets Without Donor Restriction	\$ 3,637,073	\$ (4,151,898)	\$ 306,685	\$ (208,140)	\$ 26,055,604	\$ (4,687,332)	\$ (4,830,784)	\$ 16,537,488

BELLWETHER HOUSING AND AFFILIATES

**CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018			Consolidated Total	
	Bellwether Consolidated	Partnerships and LLCs	Eliminations	Bellwether Consolidated	Partnerships and LLCs	Eliminations		
<u>Net Assets Without Donor Restriction</u>								
Revenue and public support	\$ 23,228,018	\$ 11,653,249	\$ (3,903,127)	\$ 30,978,140	\$ 23,428,864	\$ 9,091,115	\$ (7,140,402)	\$ 25,379,577
Net assets released from restrictions	123,482	-	-	123,482	150,533	-	-	150,533
Total Revenue and Public Support	23,351,500	11,653,249	(3,903,127)	31,101,622	23,579,397	9,091,115	(7,140,402)	25,530,110
Expenses	(23,291,625)	(15,817,627)	4,000,491	(35,108,761)	(19,516,261)	(13,778,447)	2,324,399	(30,970,309)
Gains	3,577,197	12,480	209,322	3,798,999	21,992,468	-	(14,781)	21,977,687
Total Expenses and Gains	(19,714,428)	(15,805,147)	4,209,813	(31,309,762)	2,476,207	(13,778,447)	2,309,618	(8,992,622)
Changes in net assets without donor restriction	3,637,072	(4,151,898)	306,686	(208,140)	26,055,604	(4,687,332)	(4,830,784)	16,537,488
<u>Net Assets With Donor Restriction</u>								
Revenue and public support	1,525,163	-	-	1,525,163	117,077	-	-	117,077
Net assets released from restrictions	(123,482)	-	-	(123,482)	(150,533)	-	-	(150,533)
Changes in net assets without donor restriction	1,401,681	-	-	1,401,681	(33,456)	-	-	(33,456)
<u>Changes in Non-Controlling Interest in LPs and LLCs</u>								
Owners' contributions	-	38,745,697	(1,086,542)	37,659,155	-	7,552,111	-	7,552,111
Owners' withdrawals	(2,493,070)	675,490	1,774,370	(43,210)	14,578	(295,760)	20,400	(260,782)
Changes in non-controlling interest in LPs and LLCs	(2,493,070)	39,421,187	687,828	37,615,945	14,578	7,256,351	20,400	7,291,329
Changes in net assets and non-controlling interest in LPs and LLCs	2,545,683	35,269,289	994,514	38,809,486	26,036,726	2,569,019	(4,810,384)	23,795,361
Balance, beginning of year	87,078,539	21,194,064	(19,993,865)	88,278,738	61,041,813	18,625,045	(15,183,481)	64,483,377
Balance, end of year	\$ 89,624,222	\$ 56,463,353	\$ (18,999,351)	\$ 127,088,224	\$ 87,078,539	\$ 21,194,064	\$ (19,993,865)	\$ 88,278,738

BELLWETHER HOUSING AND AFFILIATES

**DETAIL OF REVENUE AND EXPENSES FOR
BELLWETHER AND WHOLLY OWNED BUILDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Program Services and Administration 2019	Building Operations 2019	Total 2019	Program Services and Administration 2018	Building Operations 2018	Total 2018
Revenue and Public Support						
Rental income	\$ 128,057	\$ 16,810,582	\$ 16,938,639	\$ -	\$ 15,087,013	\$ 15,087,013
Property management	1,432,595	-	1,432,595	1,391,211	-	1,391,211
Consulting fees	471,237	-	471,237	203,938	-	203,938
Development fees	-	-	-	1,283,093	-	1,283,093
Deferred development	-	-	-	3,235,464	-	3,235,464
Construction management fees	-	-	-	220,000	-	220,000
Interest, dividends, and realized gains	1,182,842	59,385	1,242,227	331,984	30,240	362,224
Interest income - notes	869,138	-	869,138	920,724	-	920,724
Grants and contributions	503,283	285,849	789,132	644,722	66,663	711,385
Net assets released from restrictions	123,482	-	123,482	150,533	-	150,533
Other income	1,474,662	10,388	1,485,050	407	13,405	13,812
Total Revenue and Public Support	6,185,296	17,166,204	23,351,500	8,382,076	15,197,321	23,579,397
Expenses						
Program Expenses						
Rental operations						
Operating expenses	-	8,268,757	8,268,757	-	7,165,803	7,165,803
Depreciation and amortization	-	2,573,428	2,573,428	11,402	2,344,821	2,356,223
Interest expense	-	2,647,939	2,647,939	-	2,451,434	2,451,434
Development and property management	6,600,992	-	6,600,992	4,130,782	-	4,130,782
Total Program Expenses	6,600,992	13,490,124	20,091,116	4,142,184	11,962,058	16,104,242
Supporting Service Expenses						
Management and general	2,651,779	-	2,651,779	2,429,131	-	2,429,131
Management and general - partnerships and LLCs	-	-	-	624,399	-	624,399
Fundraising	548,729	-	548,729	358,489	-	358,489
Total Supporting Service Expenses	3,200,508	-	3,200,508	3,412,019	-	3,412,019
Total Expenses	9,801,500	13,490,124	23,291,624	7,554,203	11,962,058	19,516,261
Gains and (Losses)						
Gain (loss) on partnerships and LLCs	-	-	-	(715)	-	(715)
Gain (loss) on sale of property	-	-	-	15,996	23,362,345	23,378,341
Gain (loss) on investments	3,555,738	21,459	3,577,197	(1,385,158)	-	(1,385,158)
Total Gains and (Losses)	3,555,738	21,459	3,577,197	(1,369,877)	23,362,345	21,992,468
Change in Net Assets Without Donor Restriction	\$ (60,466)	\$ 3,697,539	\$ 3,637,073	\$ (542,004)	\$ 26,597,608	\$ 26,055,604

BELLWETHER HOUSING AND AFFILIATES

**SCHEDULES OF REVENUE AND EXPENSES FOR BELLWETHER WHOLLY OWNED BUILDING OPERATIONS
YEAR ENDED DECEMBER 31, 2019**

	REVENUE			EXPENSES				Excess (deficit) from operations	Depreciation and amortization	Excess (Deficit) of Revenue over Expenses
	Rental income	Other building income	Total	Operating expenses	Interest expense	(Gain)/Loss Assets Disposed	Total			
Annapolis	\$ 259,234	\$ 927	\$ 260,161	\$ 147,205	\$ 6,142	\$ -	\$ 153,347	\$ 106,814	\$ 25,380	\$ 81,434
Arbora Court - Lease	-	-	-	746	-	-	746	(746)	-	(746)
Bellevue/Olive	688,454	12,678	701,132	356,657	71,632	-	428,289	272,843	127,244	145,599
Views at Madison	1,294,310	7,624	1,301,934	886,169	328,159	-	1,214,328	87,606	215,664	(128,058)
Casa Pacifica Apartments	859,350	14,123	873,473	523,837	190,672	-	714,509	158,964	174,473	(15,509)
Casa Pacifica - Lease	-	-	-	39	-	-	39	(39)	-	(39)
Cascade Court	1,162,264	59,767	1,222,031	552,127	216,873	-	769,000	453,031	266,386	186,645
Graham Terry Apartments	1,083,985	9,145	1,093,130	529,195	152,367	-	681,562	411,568	178,764	232,804
Eagles Apartments	399,980	4,666	404,646	218,313	30,631	-	248,944	155,702	79,980	75,722
Juneau & Pardee Townhomes	338,910	2,803	341,713	166,916	24,236	-	191,152	150,561	62,722	87,839
Kingway Apartments	2,412,798	7,515	2,420,313	1,092,906	127,853	-	1,220,759	1,199,554	194,356	1,005,198
Mercer Court	358,626	5,266	363,892	211,731	44,727	-	256,458	107,434	68,467	38,967
Meridian Manor	1,625,979	79,884	1,705,863	779,560	432,965	-	1,212,525	493,338	305,051	188,287
Olive Tower Apartments	989,741	19,318	1,009,059	497,675	160,875	-	658,550	350,509	149,935	200,574
Oregon Apartments	922,442	8,520	930,962	477,372	129,569	-	606,941	324,021	107,491	216,530
Rose Street - Lease	57,548	314	57,862	22,094	24,235	-	46,329	11,533	13,155	(1,622)
Security House Apartments - Lease	348,085	1	348,086	8,194	-	-	8,194	339,892	5,389	334,503
Sterling Court	91,793	2,963	94,756	54,635	-	-	54,635	40,121	14,961	25,160
Stewart Court	1,269,332	2,649	1,271,981	458,314	270,909	-	729,223	542,758	176,269	366,489
Stone Way Apartments - Lease	250,230	-	250,230	14,806	-	-	14,806	235,424	13,973	221,451
First and Vine Apartments - Lease	27,351	-	27,351	3,138	-	-	3,138	24,213	-	24,213
Tate Mason House	1,024,798	6,528	1,031,326	464,972	172,720	-	637,692	393,634	154,064	239,570
Vine Court	694,017	3,049	697,066	336,250	144,829	-	481,079	215,987	67,971	148,016
Gilmore Apartments	651,355	129,341	780,696	465,906	118,545	-	584,451	196,245	171,733	24,512
Total	\$ 16,810,582	\$ 377,081	\$ 17,187,663	\$ 8,268,757	\$ 2,647,939	\$ -	\$ 10,916,696	\$ 6,270,967	\$ 2,573,428	\$ 3,697,539

BELLWETHER HOUSING AND AFFILIATES

**SCHEDULES OF REVENUE AND EXPENSES FOR BELLWETHER WHOLLY OWNED BUILDING OPERATIONS
YEAR ENDED DECEMBER 31, 2018**

	REVENUE			EXPENSES				Excess (deficit) from operations	Depreciation and amortization	Excess (Deficit) of Revenue over Expenses
	Rental income	Other building income	Total	Operating expenses	Interest expense	(Gain)/Loss Assets Disposed	Total			
Annapolis	\$ 252,897	\$ 378	\$ 253,275	\$ 105,009	\$ 30,593	\$ -	\$ 135,602	\$ 117,673	\$ 24,152	\$ 93,521
Arbora Court - Lease	-	-	-	34,097	-	-	34,097	(34,097)	-	(34,097)
Bellevue/Olive	672,953	9,120	682,073	371,632	73,002	-	444,634	237,439	123,148	114,291
Views at Madison	243,444	-	243,444	173,818	99,108	-	272,926	(29,482)	111,266	(140,748)
Casa Pacifica Apartments	813,132	7,319	820,451	444,182	205,472	-	649,654	170,797	170,705	92
Casa Pacifica - Lease	54,621	-	54,621	-	-	-	-	54,621	-	54,621
Cascade Court	1,121,494	1,510	1,123,004	435,613	222,164	-	657,777	465,227	257,845	207,382
Graham Terry Apartments	1,045,929	1,538	1,047,467	490,946	155,585	(7,802,252)	(7,155,721)	8,203,188	182,533	8,020,655
Eagles Apartments	379,989	1,367	381,356	222,791	33,143	-	255,934	125,422	78,494	46,928
Juneau & Pardee Townhomes	322,864	895	323,759	203,530	24,878	-	228,408	95,351	55,030	40,321
Kingway Apartments	2,298,268	3,653	2,301,921	1,089,066	138,737	-	1,227,803	1,074,118	218,492	855,626
Mercer Court	346,425	527	346,952	179,236	42,058	-	221,294	125,658	66,551	59,107
Meridian Manor	1,427,836	64,534	1,492,370	668,465	441,872	-	1,110,337	382,033	308,428	73,605
Olive Tower Apartments	938,869	7,877	946,746	420,976	164,944	-	585,920	360,826	150,694	210,132
Oregon Apartments	924,080	2,674	926,754	497,091	133,386	-	630,477	296,277	107,491	188,786
Rose Street - Lease	55,682	76	55,758	19,748	27,228	-	46,976	8,782	13,155	(4,373)
Security House Apartments - Lease	301,169	1	301,170	100,503	-	-	100,503	200,667	5,389	195,278
Sterling Court	89,989	282	90,271	46,799	-	-	46,799	43,472	15,040	28,432
Stewart Court	1,232,531	1,247	1,233,778	450,115	279,137	-	729,252	504,526	175,517	329,009
Stone Way Apartments - Lease	206,611	-	206,611	158,536	-	-	158,536	48,075	14,210	33,865
First and Vine Apartments - Lease	20,930	-	20,930	10,444	-	-	10,444	10,486	-	10,486
Tate Mason House	960,891	2,115	963,006	408,883	177,433	-	586,316	376,690	153,358	223,332
Vine Court	645,535	1,493	647,028	302,832	147,857	-	450,689	196,339	68,216	128,123
John Winthrop	730,874	3,703	734,577	331,491	54,837	(15,560,093)	(15,173,765)	15,908,342	45,107	15,863,235
Total	\$ 15,087,013	\$ 110,309	\$ 15,197,322	\$ 7,165,803	\$ 2,451,434	\$ (23,362,345)	\$ (13,745,108)	\$ 28,942,430	\$ 2,344,821	\$ 26,597,609

BELLWETHER HOUSING AND AFFILIATES

DETAILED SCHEDULE OF ASSETS, LIABILITIES AND OWNERS' EQUITY (DEFICIT) FOR BELLWETHER LPs AND LLCs
DECEMBER 31, 2019

ASSETS	Judkins Park	Genesee	Stone Way	HRG Rose Street	Sunset Apartments	Parker Apartments	1511 Dexter	Security House	Cambridge Apartments	University Apts - 4%	University Apts - 9%	Total
Cash and cash equivalents	\$ 36,019	\$ 269,673	\$ 72,402	\$ 162,335	\$ 924,616	\$ 118,937	\$ 35,200	\$ 323,555	\$ 401,959	\$ 305,378	\$ 36,384	\$ 2,686,458
Cash and cash equivalents - restricted	127,074	531,494	597,163	580,834	1,506,051	271,383	530,133	548,163	764,890	379,870	301,951	6,139,006
Tenant and other receivables	26	11,340	9,414	1,334	162,369	1,732	58,755	17,703	17,613	48,409	17,741	346,436
Prepaid expenses	2,389	7,943	5,842	9,856	11,618	4,740	10,121	14,203	16,507	11,314	7,498	102,031
Total Current Assets	165,508	820,450	684,821	754,359	2,604,654	396,792	634,209	903,624	1,200,969	744,971	363,574	9,273,931
Property and equipment, net	2,284,061	5,033,614	12,134,747	14,084,210	10,707,037	10,221,378	20,941,988	21,743,068	45,055,846	23,319,682	15,382,044	180,907,675
Prepaid costs, net	-	-	-	-	35,390	-	57,225	65,498	108,972	97,102	90,727	454,914
Total assets	<u>\$ 2,449,569</u>	<u>\$ 5,854,064</u>	<u>\$ 12,819,568</u>	<u>\$ 14,838,569</u>	<u>\$ 13,347,081</u>	<u>\$ 10,618,170</u>	<u>\$ 21,633,422</u>	<u>\$ 22,712,190</u>	<u>\$ 46,365,787</u>	<u>\$ 24,161,755</u>	<u>\$ 15,836,345</u>	<u>\$ 190,636,520</u>
LIABILITIES AND OWNERS' EQUITY (DEFICIT)												
Accounts payable and accruals	\$ 3,219	\$ 16,670	\$ 22,393	\$ 26,064	\$ 10,244	\$ 15,747	\$ 22,368	\$ 34,786	\$ 65,059	\$ 26,723	\$ 34,879	\$ 278,152
Short-term notes and advances	2,114	239,047	15,782	22,425	-	7,779	-	21,379	15,771	6,514	-	330,811
Accrued interest payable	1,955	4,337	15,133	-	13,270	13,458	17,964	32,289	34,376	31,438	2,648	166,868
Security deposits	7,735	16,979	27,264	34,952	20,386	22,098	28,235	17,644	56,497	31,054	20,487	283,331
Current portion of long term debt	12,319	35,286	113,415	60,539	57,368	65,010	82,361	131,349	119,131	85,739	4,298	766,815
Total current liabilities	27,342	312,319	193,987	143,980	101,268	124,092	150,928	237,447	290,834	181,468	62,312	1,825,977
Deferred interest payable	180,268	411,767	1,658,972	19,167	188,984	386,743	269,158	160,647	1,026,124	293,360	154,288	4,749,478
Long-term debt, deferred loans and grants, net of current maturities	1,719,348	2,401,296	9,047,906	13,218,002	4,496,242	6,910,313	12,614,510	10,518,359	9,087,697	13,127,389	3,980,751	87,121,813
Less: unamortized debt issuance costs	-	(37,951)	(30,749)	(127,431)	(44,044)	(55,792)	(164,319)	(128,436)	(112,935)	(236,724)	(245,922)	(1,184,303)
Long-term notes - affiliates	339,612	3,503,266	1,015,000	455,070	509,171	1,671,140	2,787,955	7,899,928	20,470,924	2,053,657	954,479	41,660,202
Total liabilities	<u>2,266,570</u>	<u>6,590,697</u>	<u>11,885,116</u>	<u>13,708,788</u>	<u>5,251,621</u>	<u>9,036,496</u>	<u>15,658,232</u>	<u>18,687,945</u>	<u>30,762,644</u>	<u>15,419,150</u>	<u>4,905,908</u>	<u>134,173,167</u>
Owners' equity (deficit)	<u>182,999</u>	<u>(736,633)</u>	<u>934,452</u>	<u>1,129,781</u>	<u>8,095,460</u>	<u>1,581,674</u>	<u>5,975,190</u>	<u>4,024,245</u>	<u>15,603,143</u>	<u>8,742,605</u>	<u>10,930,437</u>	<u>56,463,353</u>
Total liabilities and owners' equity (deficit)	<u>\$ 2,449,569</u>	<u>\$ 5,854,064</u>	<u>\$ 12,819,568</u>	<u>\$ 14,838,569</u>	<u>\$ 13,347,081</u>	<u>\$ 10,618,170</u>	<u>\$ 21,633,422</u>	<u>\$ 22,712,190</u>	<u>\$ 46,365,787</u>	<u>\$ 24,161,755</u>	<u>\$ 15,836,345</u>	<u>\$ 190,636,520</u>

BELLWETHER HOUSING AND AFFILIATES

**DETAILED SCHEDULE OF ASSETS, LIABILITIES AND OWNERS' EQUITY (DEFICIT) FOR BELLWETHER LPs AND LLCs
DECEMBER 31, 2018**

ASSETS	Third & Pine	Judkins Park	Genesee	Stone Way	HRG Rose Street	Sunset Apartments	Parker Apartments	1511 Dexter	Security House	Cambridge Apartments	University Apts - 4%	University Apts - 9%	Total
Cash and cash equivalents	\$ 100	\$ 100	\$ 91,470	\$ 37,834	\$ 34,405	\$ 1,155,785	\$ 145,272	\$ 57,656	\$ 290,429	\$ 133,902	\$ 278,246	\$ 13,881	\$ 2,239,080
Cash and cash equivalents - restricted	213,556	121,178	504,381	562,501	548,391	1,469,237	250,782	255,945	529,551	3,993,007	145,721	148,554	8,742,804
Tenant and other receivables	5,429	43,934	71,966	22,478	2,935	19,304	200	8,701	10,725	37,908	10,546	6,831	240,957
Prepaid expenses	56,085	1,808	7,571	5,507	110,886	11,320	3,563	8,421	13,855	15,672	10,619	7,035	252,342
Total Current Assets	275,170	167,020	675,388	628,320	696,617	2,655,646	399,817	330,723	844,560	4,180,489	445,132	176,301	11,475,183
Property and equipment, net	6,160,136	2,360,179	5,191,855	12,458,899	14,202,984	11,118,168	10,465,307	21,583,726	22,286,011	46,227,473	24,025,935	15,921,256	192,001,929
Deferred costs, net	-	-	-	-	-	49,089	-	27,722	70,718	116,757	104,571	97,706	466,563
Total assets	\$ 6,435,306	\$ 2,527,199	\$ 5,867,243	\$ 13,087,219	\$ 14,899,601	\$ 13,822,903	\$ 10,865,124	\$ 21,942,171	\$ 23,201,289	\$ 50,524,719	\$ 24,575,638	\$ 16,195,263	\$ 203,943,675
LIABILITIES AND OWNERS' EQUITY (DEFICIT)													
Accounts payable and accruals	\$ 13,470	\$ 3,003	\$ 6,931	\$ 9,836	\$ 18,884	\$ 31,808	\$ 14,874	\$ 28,424	\$ 3,237	\$ 135,824	\$ 70,135	\$ 5,764	\$ 342,190
Construction payables	-	-	-	-	-	-	-	694,078	1,702	2,640,646	9,848	10,076	3,356,350
Short-term notes and advances	143,180	-	843	-	72,948	528,706	11,053	22,635	63,499	78,511	101,850	292,484	1,315,709
Accrued interest payable	10,992	2,020	4,480	15,627	-	13,581	13,711	37,630	32,686	157,916	54,098	36,967	379,708
Security deposits	22,520	7,660	17,024	27,515	35,315	18,820	22,470	27,176	18,148	42,049	33,404	21,846	293,947
Current portion of long term debt	90,148	11,591	33,535	107,962	57,751	54,047	62,418	5,609,082	127,646	14,869,366	6,555,700	7,963,131	35,542,377
Total current liabilities	280,310	24,274	62,813	160,940	184,898	646,962	124,526	6,419,025	246,918	17,924,312	6,825,035	8,330,268	41,230,281
Deferred interest payable	15,859	187,966	191,380	750,210	17,167	166,552	143,200	93,973	62,863	-	110,079	62,682	1,801,931
Long-term debt, deferred loans and grants, net of current maturities	2,156,520	1,731,666	2,436,581	9,161,321	13,278,825	4,553,610	6,975,323	11,408,466	10,649,708	9,197,178	13,076,930	3,934,166	88,560,294
Long-term notes	(69,480)	(411)	(39,948)	(35,563)	(134,692)	(47,403)	(61,064)	(147,605)	(136,104)	(159,125)	(249,058)	(259,394)	(1,339,847)
Long-term notes - affiliates	5,017,755	372,945	3,788,441	2,850,084	491,222	25,000	1,899,327	3,263,397	8,080,510	23,085,952	2,460,807	1,161,512	52,496,952
Total liabilities	7,400,964	2,316,440	6,439,267	12,886,992	13,837,420	5,344,721	9,081,312	21,037,256	18,903,895	50,048,317	22,223,793	13,229,234	182,749,611
Owners' equity (deficit)	(965,658)	210,759	(572,024)	200,227	1,062,181	8,478,182	1,783,812	904,915	4,297,394	476,402	2,351,845	2,966,029	21,194,064
Total liabilities and owners' equity (deficit)	\$ 6,435,306	\$ 2,527,199	\$ 5,867,243	\$ 13,087,219	\$ 14,899,601	\$ 13,822,903	\$ 10,865,124	\$ 21,942,171	\$ 23,201,289	\$ 50,524,719	\$ 24,575,638	\$ 16,195,263	\$ 203,943,675

BELLWETHER HOUSING AND AFFILIATES

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN OWNERS' EQUITY (DEFICIT)
PARTNERSHIPS AND LIMITED LIABILITY COMPANIES
YEAR ENDED DECEMBER 31, 2019

	Third & Pine	Judkins Park	Genesee	Stone Way	HRG Rose Street	Sunset Apartments	Parker Apartments	1511 Dexter	Security House	Cambridge Apartments	University Apts - 4%	University Apts - 9%	Total
Revenue													
Rental income	\$ 54,812	\$ 205,287	\$ 506,054	\$ 953,696	\$ 961,401	\$ 1,819,374	\$ 607,143	\$ 850,339	\$ 1,704,482	\$ 1,650,930	\$ 1,114,054	\$ 726,834	\$ 11,154,406
Interest income	348	689	1,648	2,647	3,226	1,590	1,942	2,833	2,737	5,698	3,069	1,956	28,383
Other building income	-	-	-	8,683	240,111	61,618	-	1,662	71,488	63,366	-	36,012	482,940
Total Revenue	55,160	205,976	507,702	965,026	1,204,738	1,882,582	609,085	854,834	1,778,707	1,719,994	1,117,123	764,802	11,665,729
Expenses													
Operating expenses	53,137	102,566	346,300	516,261	412,116	700,146	278,681	415,552	834,229	679,207	489,932	472,427	5,300,554
Depreciation and amortization	17,187	76,118	182,610	407,151	409,469	459,448	243,928	641,738	567,647	1,171,629	706,253	539,212	5,422,390
Interest expense	23,383	39,328	84,664	310,886	242,231	197,418	253,838	430,705	631,381	1,084,531	601,021	215,087	4,114,473
Other	-	15,126	4,277	59,345	36,212	541,799	28,813	20,600	10,609	15,383	30,875	20,525	783,564
Total Expenses	93,707	233,138	617,851	1,293,643	1,100,028	1,898,811	805,260	1,508,595	2,043,866	2,950,750	1,828,081	1,247,251	15,620,981
Net Income (Loss) from Operations	(38,547)	(27,162)	(110,149)	(328,617)	104,710	(16,229)	(196,175)	(653,761)	(265,159)	(1,230,756)	(710,958)	(482,449)	(3,955,252)
Gains/Losses													
Major Contract Repairs	(27,853)	(598)	(54,460)	(23,699)	(37,110)	(9,925)	(5,963)	(13,264)	(7,990)	(7,365)	(2,577)	(5,842)	(196,646)
Total Gains and (Losses)	(27,853)	(598)	(54,460)	(23,699)	(37,110)	(9,925)	(5,963)	(13,264)	(7,990)	(7,365)	(2,577)	(5,842)	(196,646)
Net Income (loss)	\$ (66,400)	\$ (27,760)	\$ (164,609)	\$ (352,316)	\$ 67,600	\$ (26,154)	\$ (202,138)	\$ (667,025)	\$ (273,149)	\$ (1,238,121)	\$ (713,535)	\$ (488,291)	\$ (4,151,898)
Owners' Equity (Deficit)													
Balance, beginning of year	\$ (965,658)	\$ 210,759	\$ (572,024)	\$ 200,227	\$ 1,062,181	\$ 8,478,182	\$ 1,783,812	\$ 904,915	\$ 4,297,394	\$ 476,402	\$ 2,351,845	\$ 2,966,029	\$ 21,194,064
Net Income (loss)	(66,400)	(27,760)	(164,609)	(352,316)	67,600	(26,154)	(202,138)	(667,025)	(273,149)	(1,238,121)	(713,535)	(488,291)	(4,151,898)
Capital contributions	-	-	-	1,086,541	-	-	-	5,737,300	-	16,364,862	7,104,295	8,452,699	38,745,697
Withdrawals	1,032,058	-	-	-	-	(356,568)	-	-	-	-	-	-	675,490
Balance, end of year	\$ -	\$ 182,999	\$ (736,633)	\$ 934,452	\$ 1,129,781	\$ 8,095,460	\$ 1,581,674	\$ 5,975,190	\$ 4,024,245	\$ 15,603,143	\$ 8,742,605	\$ 10,930,437	\$ 56,463,353

BELLWETHER HOUSING AND AFFILIATES

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN OWNERS' EQUITY (DEFICIT)
PARTNERSHIPS AND LIMITED LIABILITY COMPANIES
YEAR ENDED DECEMBER 31, 2018

	Third & Pine	Judkins Park	Genesee	Stone Way	HRG Rose Street	Sunset Apartments	Parker Apartments	1511 Dexter	Security House	Cambridge Apartments	University Apts - 4%	University Apts - 9%	Total
Revenue													
Rental income	\$ 654,099	\$ 192,954	\$ 493,784	\$ 900,571	\$ 899,696	\$ 1,765,290	\$ 589,137	\$ 321,498	\$ 1,665,110	\$ 590,463	\$ 601,253	\$ 232,929	\$ 8,906,784
Interest income	1,226	288	1,043	1,624	1,644	1,668	834	780	2,277	1,459	282	236	13,361
Other building income	-	-	-	450	-	65,224	16,009	5,325	71,290	-	6,000	6,672	170,970
Total Revenue	655,325	193,242	494,827	902,645	901,340	1,832,182	605,980	327,603	1,738,677	591,922	607,535	239,837	9,091,115
Expenses													
Operating expenses	504,558	112,082	288,930	442,412	469,878	1,175,421	258,464	250,787	813,849	392,686	288,827	227,445	5,225,339
Depreciation and amortization	209,700	76,266	181,655	403,588	401,812	524,857	243,928	392,373	569,407	889,282	488,995	366,454	4,748,317
Interest expense	280,169	41,189	86,233	306,725	237,877	187,146	261,736	274,672	630,515	400,390	461,525	254,857	3,423,034
Other	15,379	22,932	15,205	16,915	53,002	44,890	37,766	46,067	18,742	27,176	37,288	46,395	381,757
Total Expenses	1,009,806	252,469	572,023	1,169,640	1,162,569	1,932,314	801,894	963,899	2,032,513	1,709,534	1,276,635	895,151	13,778,447
Net Income (loss)	\$ (354,481)	\$ (59,227)	\$ (77,196)	\$ (266,995)	\$ (261,229)	\$ (100,132)	\$ (195,914)	\$ (636,296)	\$ (293,836)	\$ (1,117,612)	\$ (669,100)	\$ (655,314)	\$ (4,687,332)
Owners' Equity (Deficit)													
Balance, beginning of year	\$ (611,177)	\$ 269,986	\$ (494,828)	\$ 467,222	\$ 1,323,410	\$ 8,874,074	\$ 1,979,726	\$ 1,336,211	\$ 579,882	\$ 1,594,014	\$ 1,503,057	\$ 1,803,468	\$ 18,625,045
Net income (loss)	(354,481)	(59,227)	(77,196)	(266,995)	(261,229)	(100,132)	(195,914)	(636,296)	(293,836)	(1,117,612)	(669,100)	(655,314)	(4,687,332)
Capital contributions	-	-	-	-	-	-	-	205,000	4,011,348	-	1,517,888	1,817,875	7,552,111
Withdrawals	-	-	-	-	-	(295,760)	-	-	-	-	-	-	(295,760)
Balance, end of year	\$ (965,658)	\$ 210,759	\$ (572,024)	\$ 200,227	\$ 1,062,181	\$ 8,478,182	\$ 1,783,812	\$ 904,915	\$ 4,297,394	\$ 476,402	\$ 2,351,845	\$ 2,966,029	\$ 21,194,064