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**SETTLEMENT
HOUSING
FUND·INC**

Memo

To: To File

From: Garraud Etienne, COO, Settlement Housing Fund, Inc. *GE*

Date: November 26, 2019

Re: Settlement Housing Fund, Inc. 12/31/18 audit (Forgiveness of Debt and Change in Net Assets transaction)

In 2010, SHF, Inc. contributed \$12.9MM cash and the Goldman Sachs Urban Investment Group contributed approx. \$5MM in new market tax credit (NMTC) funding to build a community center at 1501 Jerome Ave, Bronx. The center is known as the New Settlement Community Campus Corp. The \$18MM aggregate investment was underwritten as a forgivable loan – to be forgiven at the end of the 7 year NMTC compliance period. The NMTC compliance was completed in 2018 and as scheduled the \$12.9MM receivable on SHF’s balance sheet was forgiven (also as scheduled Goldman Sachs sold their investment interest in the community center to SHF for \$1,000). The \$18MM loan on the New Settlement Community Campus Corp balance sheet was also written off.

The scheduled write off appears as a \$12,955,400 “Forgiveness of Debt” entry on page 33 of the above referenced audit and it is the primary factor in the \$10,530,425 reduction in SHF, Inc. Net Assets. Please note that as SHF, Inc. and The New Settlement Community Campus Corp are related entities, the net impact of the elimination of the \$12.9MM receivable and \$18MM loan was an approx. \$5MM increase in the consolidated Net Asset position of Settlement Housing Fund, Inc. and Affiliates.

This transaction is also detailed in the 12/31/18 SHF, Inc. IRS 990 filing. For additional detail please see Part III 4a and Part IX Line 24a of the SHF, Inc. publicly available IRS 990 filing. I can also be contacted for additional detail.

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