SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

BERDON ACCOUNTANTS AND ADVISORS

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

INDEX
DECEMBER 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Settlement Housing Fund, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated of financial statements of Settlement Housing Fund, Inc. and affiliates, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion of these consolidated financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the entity's 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Settlement Housing Fund, Inc. and affiliates as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the consolidated financial statements, opening net assets as of January 1, 2017 has been restated to correct the misstatements. Our opinion is not modified with respect to this matter.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 28 and 29 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Berdon LLP

Certified Public Accountants

New York, New York
January 9, 2019

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 5,443,171
Tenant security deposits	837,993
Investments	1,037,307
Grants and contributions receivable	737,031
Fees receivable - current portion	426,205
Rents and other receivables (net of allowance for bad debts of $441,659)	1,050,660
Due from affiliates	52,170
Other assets	963,067
TOTAL CURRENT ASSETS	10,547,604
FIXED ASSETS:	
Property and equipment (net of accumulated depreciation of $38,696,635)	147,410,581
OTHER ASSETS:	
Fees receivable	74,250
Investment - other	343,758
Escrows and reserves	21,167,793
Mortgage receivable	700,000
Deferred expenses (less, accumulated amortization of $88,953)	297,642
TOTAL ASSETS	$ 180,541,628

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Line of credit	$ 276,719
Current portion of long-term debt	28,409,250
Accounts payable and accrued expenses	2,820,460
Accrued interest payable	581,820
Construction costs payable	5,826,274
Tenant security deposits payable	839,703
Current portion of deferred rent payable	10,875
Deferred revenue	761,749
Developer's fee payable	2,197,921
TOTAL CURRENT LIABILITIES	41,724,771
OTHER LIABILITIES:	
Long-term debt (net of unamortized loan costs of $441,038)	96,456,634
Deferred rent payable	5,699
TOTAL OTHER LIABILITIES	96,462,333
TOTAL LIABILITIES	138,187,104
COMMITMENTS AND CONTINGENCIES	
NET ASSETS:	
Unrestricted:	
Undesignated	29,996,681
Board-designated for operating reserves	900,000
Noncontrolling interest	10,541,051
Temporary restricted	916,792
TOTAL NET ASSETS	42,354,524
TOTAL LIABILITIES AND NET ASSET	$ 180,541,628

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
PUBLIC SUPPORT AND OPERATING REVENUE:			
Grants and contributions	$ 8,543,519	$ 1,143,125	$ 9,686,644
Special events - net	397,234	-	397,234
Program and other fees	2,869,851	-	2,869,851
Rental income	15,442,269	-	15,442,269
Interest and dividend income	122,392	-	122,392
Realized and unrealized gain on investments	60,445	-	60,445
Other income	13,364,767	-	13,364,767
Net assets released from restrictions	366,333	(366,333)	-
TOTAL PUBLIC SUPPORT AND OPERATING REVENUE	41,168,961	776,792	41,945,753
EXPENSES:			
Program services:			
Youth services	9,193,672	-	9,193,672
Housing	24,086,126	-	24,086,126
Supporting services:			
Management and general	1,974,586	-	1,974,586
Fund-raising	260,154	-	260,154
TOTAL EXPENSES	35,514,538	-	35,514,538
INCREASE IN NET ASSETS	5,654,423	776,792	6,431,215
NET ASSETS - JANUARY 1, 2017	31,920,791	140,000	32,060,791
PRIOR PERIOD ADJUSTMENT	1,015,361	-	1,015,361
NET ASSETS - JANUARY 1, 2017 (AS RESTATED)	32,936,152	140,000	33,076,152
CAPITAL CONTRIBUTIONS	2,847,157	-	2,847,157
NET ASSETS - DECEMBER 31, 2017	$ 41,437,732	$ 916,792	$ 42,354,524

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

			UNRESTRICTED	
	TOTAL	TEMPORARILY RESTRICTED	CONTROLLING INTEREST	NONCONTROLLING INTEREST
BALANCE - JANUARY 1, 2017	$ 32,060,791	$ 140,000	$ 21,636,010	$ 10,284,781
Prior period adjustment	1,015,361	-	1,015,361	-
BALANCE - JANUARY 1, 2017 (AS RESTATED)	33,076,152	140,000	22,651,371	10,284,781
Capital contributions	2,847,157	-	-	2,847,157
Increase (decrease) in net assets	6,431,215	776,792	8,245,310	(2,590,887)
BALANCE - DECEMBER 31, 2017	$ 42,354,524	$ 916,792	$ 30,896,681	$ 10,541,051

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$	6,431,215
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) on investments		(60,445)
Depreciation		6,014,805
Amortization of loan costs		256,132
Bad debt		335,219
Deferred rent		(13,942)
Changes in operating assets and liabilities:		
Tenant security deposits		(50,163)
Grants and contributions receivable		2,039,654
Fees receivable		(41,410)
Rents and other receivables		(101,657)
Due from affiliates		198,687
Other assets		(32,319)
Accounts payable and accrued expenses		988,919
Accrued interest payable		99,444
Tenant security deposits payable		48,454
Deferred revenue		714,558
NET CASH PROVIDED BY OPERATING ACTIVITIES		16,827,151
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments		(68,611)
Mortgage receivable		(248,774)
Property and equipment		(57,099,757)
Deferred expenses		(297,642)
Escrows and reserves		(94,315)
NET CASH (USED IN) INVESTING ACTIVITIES		(57,809,099)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Developer's fee payable		2,197,921
Proceeds on line of credit		276,719
Proceeds of long-term debt		34,635,176
Repayment of long-term debt		(528,147)
Construction costs payable		(1,113,255)
Capital contributions		2,847,157
NET CASH PROVIDED BY FINANCING ACTIVITIES		38,315,571
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,666,377)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		8,109,548
CASH AND CASH EQUIVALENTS - END OF YEAR	$	5,443,171
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest (net of $1,106,975 capitalized to building and improvements)	$	3,345,026

NOTE 1 - ORGANIZATION

Settlement Housing Fund, Inc. ("SHF") and affiliates (collectively, the "Organization") provide affordable housing, technical assistance, affordable housing development services, social, recreational and cultural activities, events and afterschool programs for low-income individuals and families, and transitional housing and day care for formerly homeless families in the City of New York. SHF also forms not-for-profit New York State Article 11 PHFL housing development fund corporations (HDFCs) to serve as the legal fee title owners of affordable housing projects. These HDFCs sign nominee agreements with the beneficial owners, which assume all operational and development responsibility.

Furthermore, the Organization is affiliated with and controls other nonprofit corporations and for-profit limited partnerships and corporations which have been formed as supporting entities to further the Organization's objectives. These entities are included in the consolidated financial statements of the Organization in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The following summarizes the entities comprising the Organization:

Semiperm Housing Development Fund Corp. ("Semiperm")
Newset II HDFC ("Newset")
Shuhab HDFC ("Shuhab")
New Hull Street HDFC, Inc. ("New Hull")
New Settlement Community Campus Corp. (NSCCC)
287 Housing Development Fund Corporation ("287 HDFC")
301 Housing Development Fund Corporation ("301 HDFC")
The Crenulated Company, Ltd. ("Crenulated")
The St. John's Place Family Center Housing
  Development Fund Corp. ("St. John's HDFC")
The St. John's Place Family Center
  Day Care Corporation ("St. John's Day Care")
Marcy Baer, Inc. (Marcy Baer GP)
Marcy Baer Associates, LP ("Marcy Baer LP")
1615 St. John's Place, Inc. ("1615 GP")
1615 St. John's Place, LP ("1615 LP")
1561 MM LLC ("1561 GP")
1561 Associates LLC ("1561 LLC")
NSA 2015 MM LLC ("NSA GP")
NSA 2015 Owner LLC ("NSA LLC")

(continued)

NOTE 1 - ORGANIZATION (Continued)

SHF was organized on August 20, 1969 under Section 402 of the Not-for-Profit Corporation Law and pursuant to Article XI of the Private Housing Finance Law ("Housing Development Fund Companies Law") of the State of New York. SHF is a not-for-profit charitable organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). SHF creates and sustains high-quality affordable housing and programs, building strong and economically diverse neighborhoods throughout New York City. SHF works closely with community partners to provide low- and moderate-income New Yorkers with pathways to long-term affordable housing, education, employment and wellness. SHF provides technical assistance, development services and supervision to low- and moderate-income housing projects, including projects owned by SHF's affiliates and projects in which the Organization's affiliates are principals in joint ventures. Services include analyzing projects, choosing and supervising development teams, obtaining financing and subsidies, and supervising management and social services. SHF is supported primarily by fees charged for services provided and government, foundation and corporate contributions and grants.

Semiperm was formed as a nonprofit organization under the laws of the State of New York on May 2, 2006, and is a tax-exempt entity under Section 501(c)(3) of the IRC. Semiperm was organized to operate a building in which single-parent, formerly homeless families can live, generally, for two to five years, benefiting from educational programs and task-oriented counseling in order that they can attain self-sufficiency and the ability to live in permanent housing. In April 2008, Semiperm received a donation of a 36,000 square-foot building, consisting of 24 residential units. Semiperm recorded the building at the market value as assessed by the New York City Department of Finance.

Newset was formed as a nonprofit organization under the laws of the State of New York on September 14, 1999, and is a tax-exempt entity under Section 501(c)(3) of the IRC. Newset owns and operates two rental housing projects consisting of 53 units located in the Bronx, New York. Newset also provides a space for Crenulated's College Access Program. The Organization also owns a 99% noncontrolling ownership interest in Marcy Baer Associates LP and has recorded its investment in the partnership at $-0-. The equity method of accounting has been discontinued, as the Organization is not liable for any of Newset's liabilities.

Shuhab was formed as a nonprofit organization under the laws of the State of New York on March 28, 2002, and is a tax-exempt entity under Section 501(c)(3) of the IRC. Shuhab was organized to develop 10 residential buildings containing 428 units that were acquired through the New York City Department of Housing Preservation and Development's Third Party Transfer Program and then to convert these buildings to cooperative ownership or rental use. At December 31, 2017, three buildings remain for rental use.

(continued)

NOTE 1 - ORGANIZATION (Continued)

New Hull was formed as a nonprofit organization under the laws of the State of New York on December 12, 1990, and is a tax-exempt entity under Section 501(c)(3) of the IRC. New Hull owns and operates a 33-unit apartment project in Brooklyn, New York.

NSCCC was formed as a nonprofit organization under the laws of the State of New York on August 23, 2005, and is a tax-exempt entity under Section 501(c)(3) of the IRC. NSCCC was formed to develop a school facility and community center in the Mt. Eden section of the Southwest Bronx. The land and buildings containing this facility are leased from the New York City School Construction Authority. Furthermore, NSCCC provides social, recreational and cultural activities, events and afterschool programs in the community center to benefit the school and the surrounding community. NSCCC has leased a portion of the building back to the New York City School Construction Authority. Rents for the premises are based on certain operating cost reimbursements that are adjusted annually. In 2011, NYCSCA assigned its interest in the lease to the New York City Department of Education.

287 HDFC was formed as a nonprofit corporation under the laws of the State of New York on January 24, 2013, and is a tax-exempt entity under Section 501(c)(3) of the IRC. 287 HDFC was organized for the purpose of acquiring, developing and managing an affordable housing project with 20 residential units that was transferred from Shuhab on June 28, 2013.

301 HDFC was formed as a nonprofit corporation under the laws of the State of New York in April 2013, and is a tax-exempt entity under Section 501(c)(3) of the IRC. 301 HDFC was organized as an administering agent for an affordable housing project with 12 residential units.

Crenulated was formed as a nonprofit organization under the laws of the State of New York on April 21, 1989, and is a tax-exempt entity under Section 501(c)(3) of the IRC. Crenulated owned and operated 14 buildings known as the New Settlement Apartments in the west Bronx, New York, as low- and moderate-income housing and housing for the homeless. In addition, Crenulated provided community programs for its tenants and neighborhood residents. In June 2016, Crenulated ceased real estate operations when it sold its real estate assets to NSA 2015 Owner LLC, an affiliate.

(continued)

NOTE 1 - ORGANIZATION (Continued)

St. John's HDFC was formed as a nonprofit organization under the laws of the State of New York on March 24, 1987, and is a tax-exempt entity under Section 501(c)(3) of the IRC. St. John's HDFC owns and operates a facility in Brooklyn, New York, that provides transitional housing and ancillary services to displaced and homeless families. Funding for this program comes from human services contracts with the City of New York's Department of Homeless Services. St. John's HDFC also owns a building acquired from the City of New York which are being renovated for community and administrative use.

St. John's Day Care was formed as a nonprofit organization under the laws of the State of New York on May 22, 2000, and is a tax-exempt entity under Section 501(c)(3) of the IRC. St. John's Day Care provides day care for children aged 2-1/2 to five years old of the shelter residents in St. John's HDFC and the surrounding community. St. John's Day Care's main source of revenue is the New York City Administration for Children's Services.

SHF is the sole owner of the general partners which each own a percentage of their associated limited partnerships. These partnerships were formed to own individual properties which are developed to provide low-income housing:

General Partner	GP Interest of Limited Partnerships	Limited Partnership
Marcy Baer, Inc.	1.00%	Marcy Baer Associates, L.P.
1615 St. John's Place, Inc.	0.01%	1615 St. John's Place, L.P

1561 Associates LLC is a limited liability company organized in April 2015, under the laws of the State of New York, for the purpose of providing low-income housing through acquisition, rehabilitation and operations of an affordable housing project. 1561 MM LLC is the managing member of 1561 Associates LLC. SHF, through its subsidiary 1561 HDFC, entered into an operating agreement, whereby it has a 51% interest in 1561 Associates LLC.

NSA 2015 Owner LLC is a limited liability company organized in December 2015, under the laws of the State of New York, for the purpose of providing low-income housing through acquisition, rehabilitation and operations of affordable housing projects. NSA 2015 MM LLC is the managing member of NSA 2015 Owner LLC. SHF, through its subsidiary NSA 2015 HDFC, entered into an operating agreement, whereby it has a 75% interest in NSA 2015 MM LLC.

SHF has a 50% cumulative partnership interest in Two Bridgeset Associates, L.P. This entity is being treated as an unconsolidated affiliate.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America as applicable to nonprofit entities.

(b) Principles of Consolidation

(i) Nonprofit Corporations

The accompanying financial statements of the Organization include the accounts of SHF, Inc. and other nonprofit entities that are commonly controlled by SHF's officers or board of directors. All intercompany transactions and accounts have been eliminated in consolidation.

(ii) Limited Partnerships

Partnerships that are controlled by SHF are included in the consolidated financial statements. The general partnership interests held by SHF entities equal .01% to 1% of the respective limited partnerships' equity, with the remainder of the partnerships' equity held by the limited partners of the respective limited partnerships. The portion of the limited partnerships not owned by SHF-affiliated entities is presented in the consolidated financial statements as noncontrolling interests.

(c) Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and equivalents. For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(d) Property and Equipment

Property and equipment is stated at cost or, if donated, at estimated fair value at the date of donation. The cost of buildings and improvements is depreciated over estimated useful lives of 30 to 40 years. The cost of furniture and equipment is depreciated over estimated useful lives of three to seven years. When assets are disposed of, their costs and accumulated depreciation are removed from the accounts, and resulting gains or losses are included in operations. Management generally capitalizes items in excess of $500.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property and Equipment (continued)

Construction-in-progress (CIP) is comprised of hard and soft costs relating to capital improvements to the entities, and will be placed in service, and depreciation will commence, when the improvements are completed. Interest expense on loans used to finance the capital improvements are capitalized to CIP during the construction period.

(e) Income Taxes

SHF, Semiperm, Newset, Shuhab, New Hull, NSCCC, 287 HDFC, 301 HDFC, Crenulated, St. John's HDFC and St. John's Day Care are exempt from federal income tax under Section 501(c)(3) of the IRC.

The subsidiaries of the Organization are treated as partnerships and corporations for tax purposes. Partnership taxable income or loss passes through to, and is reportable by, the partners, individually. The Corporations have net operating losses that are carried forward for future offsetting against taxable income. These losses have a 20-year life and expire if unused. Losses carried forward should be computed as assets using the applicable tax rate and reported on the consolidated statement of financial position, subject to valuation allowance. In the case of the wholly-owned subsidiaries, it is more likely than not that the respective asset will never be realized, as the possibility of net income or gain is unlikely for these corporations. Therefore, no asset has been recognized in this financial report as the valuation allowance would equal 100% of the asset value.

Management has determined that SHF and its affiliated entities had no uncertain tax positions that would require financial statement recognition. SHF and its affiliates are no longer subject to income tax examination by federal, state, or local tax authorities for years before 2014.

(f) Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expense during the reporting period. Actual results could differ from those estimates.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are due in one year and are recorded at their net realizable value.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. However, donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of in-kind services are recorded at fair value at date of service.

Grant revenue is recognized in revenue upon incurring expenses, which is to reflect the cost-reimbursable nature of the grants. The actual funds received from the funding authority can be more or less than the amount of expenses incurred. When the funding received is more than the incurred expenses, a liability to the funding authority is recorded. When the funding received is less than the incurred expenses, a receivable from the funding authority is recorded. If there are no conditions, the grant revenue is recognized when the grantor informs the Organization of its promise of the unconditional grant.

Rental income, principally from short-term leases on apartment units, is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the consolidated partnerships and tenants of the property are operating leases.

The Organization receives supervisory fees from several of its affiliated projects. In addition, the Organization provides services, such as marketing, to unaffiliated projects. The fees are recognized as revenue when earned.

(h) Functional Allocation of Expenses

The costs and expenses of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Costs which are associated with a specific program or activity are charged directly to that program or activity. Costs that are not specifically identifiable are allocated based upon management estimates of the functions benefited.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments

Marketable Securities

Investments are recorded at fair value in the statements of financial position, as determined by reference to quoted market prices. Investments consist primarily of amounts held in cash and money market funds, corporate bonds, marketable equity securities and mutual funds. Donated investments are recorded at fair value on the date of receipt. Investment income is included in unrestricted support and revenue, unless restricted by donor or law.

Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, “Fair Value Measurements,” establishes a framework for measuring fair value and expands disclosure requirements for fair value measurements. The disclosures required under FASB ASC Topic 820 have been included in this note.

Under FASB ASC Topic 820, the Organization groups its assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

- Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

- Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Organization’s estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments (continued)

Fair Value of Financial Instruments (continued)

Securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices at December 31, 2017, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, as well as other factors such as credit loss assumptions. Level 1 securities include those securities traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury, other U.S. Government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Accordingly, the Organization's equity securities have been classified as Level 1, and the Organization's corporate and municipal bonds have been classified as Level 2.

Other

The Organization invested $343,758 for a 8.98% subscriber's interest in Housing Partnership Insurance Exchange (HPIEx). The Organization, along with various other unrelated entities, entered into a contractual agreement to form HPIEx, a Vermont insurance company. The Organization purchases its property and liability insurance through HPIEx. The investment in HPIEx is valued at cost, as the Organization is not able to influence the operating or financial policies of HPIEx. Under the cost method, the Organization records income only to the extent of distributions.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk, associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on market decline, and that such changes could materially affect the amounts reported in the consolidated financial statements.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of Long-Lived Assets

The Organization reviews its investment in real estate 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 real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2017.

(k) Debt Issuance Costs

Debt issuance costs are amortized over the terms of the respective loans and are reported net of accumulated amortization as of December 31, 2017 in long-term liabilities on the balance sheet pursuant to the adoption of FASB Accounting Standards Update (ASU) 2015-03, "Simplifying the Presentation of Debt Issuance Costs."

(l) Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities." Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification, and eliminating the disclosure of investment expenses that are netted against investment returns. ASU 2016-14 is effective for the fiscal years beginning after December 15, 2017 and early adoption is permitted. The Organization has not yet evaluated the impact this adoption will have on the consolidated financial statements.

(continued)

NOTE 3 - FIXED ASSETS

A summary of fixed assets is as follows:

		Useful Lives
Land	$ 917,616	
Buildings and improvements	106,843,637	40 years
Furniture, fixtures and equipment	3,785,520	5 - 10 years
Construction-in-progress	74,611,042	
	186,157,815	
Less, accumulated depreciation	(38,747,234)	
	$ 147,410,581	

Fixed assets of Crenulated, with a presale net book value of $4,277,011, were sold to NSA LLC on June 28, 2016. As Crenulated and NSA LLC are related parties, and included in the accompanying consolidated financial statements, deferred gain on sale of $80,160,877 was eliminated against the postsale net book value of $109,348,213. Depreciation expense is $5,964,207 for the year ended December 31, 2017.

NOTE 4 - ESCROWS AND RESERVES

Pursuant to the terms of loan and partnership agreements, operating and replacement reserves and escrow deposits have been established by the various projects. Operating reserves are to be used for funding operating deficits of the projects, and replacement reserves are to be used for the future improvement and replacement of the rental properties.

NOTE 5 - FAIR VALUE MEASUREMENTS

The cost, unrealized gains and losses, and fair values of the Organization's Level 1 and Level 2 securities measured on a recurring basis at December 31, 2017, are as follows:

	Cost	Market Value	Cumulative Unrealized Gain (Losses)	Maturity Dates	Interest Rates
Corporate bonds*	$ 403,689	$ 403,498	$ (191)	1/15/18 - 11/15/25	1.49 to 7.15%
Municipal bonds*	24,971	27,005	2,034	9/1/2024	5.25%
Mutual funds	243,144	385,069	141,925		
Preferred equities	222,640	220,880	(1,760)		
Other	1,053	855	(198)	2/1/18-10/1/19	5.5%-5.5%
	$ 895,497	$ 1,037,307	$ 141,810		

*Corporate and municipal bonds are treated as Level 2 instruments.

For the year ended December 31, 2017, realized and unrealized gains are as follows:

Realized gains	$ (3,272)
Unrealized gains	63,717
	$ 60,445

NOTE 6 - RELATED PARTY TRANSACTIONS

The Organization earns annual fees from its affiliated and unaffiliated entities, including partnership management fees for services related to reporting and monitoring operations, supervisory fees for services performed in the supervision and development of certain operating procedures, and accounting and data processing fees for services performed in maintaining the books and records of the entities. Fees owed to the organization from unconsolidated affiliates at December 31, 2017 were $500,483. This receivable is reported on the consolidated statement of financial position in fees receivables.

NOTE 7 - GUARANTEES

In conjunction with a New Markets Tax Credit (NMTC) transaction totaling $18,000,000, entered into for the benefit of NSCCC, SHF executed two notes, a Senior Fund Note in the amount of $8,827,851 dated August 11, 2011, through assignment from the investor member of the NMTC transaction, and a Junior Fund Note in the amount of $4,127,549 (collectively, the "Notes") with a third party that has provided funding to NSCCC. Terms of the Notes require interest-only payments, due quarterly at 1% per annum through July 1, 2018, and, beginning October 5, 2018, payments of principal and interest are due quarterly to amortize the loans over 318 months. The unpaid outstanding principal balance on the Notes, together with any unpaid and accrued interest, is due on January 1, 2045.

The loans are collateralized by a second position in the interests that an entity, party to the NMTC transaction, has in two entities that have loans and capital investments in NSCCC.

In conjunction with the NMTC transaction, NSCCC, SHF and Crenulated have provided guarantees related to any NMTC recapture, a full guarantee of project completion and cost overruns, an operating guarantee for the project and ongoing management fees with respect to the NMTC transaction, as well as guarantee all obligations of NSCCC, including all principal and interest payments.

There are no indications that NSCCC, SHF or Crenulated have any potential liability, as of the date of the report, with respect to these guarantees and no liability has been recorded in the consolidated financial statements.

The Notes have been eliminated in consolidation.

NOTE 8 - MORTGAGE RECEIVABLE

The mortgage to Two Bridgeset Associates, L.P. is interest free and due on October 29, 2025. The mortgage is reported at its net present value using a discount rate of 5%. In 2008, SHF donated half the mortgage to the Two Bridges Neighborhood Council. As of December 31, 2017, the balance of SHF's 50% share of the mortgage was $700,000.

NOTE 9 - LEASE COMMITMENT

SHF occupies its premises under various operating leases expiring through August 31, 2027. The annual base rent increases annually at 2.5%, plus escalations for real estate tax and maintenance. SHF recognizes $312,211 per year of rental expense on a straight-line basis. Deferred rent payable at December 31, 2017 was $16,574.

(continued)

NOTE 9 - LEASE COMMITMENT (Continued)

Minimum future rental payments for each of the remaining years and in the aggregate thereafter are as follows:

Year	
2018	$ 375,460
2019	384,840
2020	394,468
2021	404,328
2022	414,436
Thereafter	2,114,052
	$ 4,087,584

NOTE 10 - LONG-TERM DEBT

The following details the various debt obligations outstanding as reflected in the accompanying consolidated statement of financial position (excluding unamortized loan costs of $441,038) at December 31, 2017:

Affiliated Entities	Lender	Debt Obligation at December 31, 2017	Eliminations	Adjusted Balance	Maturity Date	Interest Rate	
SHF	Deutsche Bank	$ 120,000	$ -	$ 120,000	3/31/2017 - 3/31/2019	0.00%	
Semiperm	TD	167,000	-	167,000	10/1/2020	0.00%	
Newset II	HPD	483,707	-	483,707	6/1/2043	3.00%	
Shuhab	HPD	303,221	-	303,221	1/1/2041	7.18%	
Shuhab	HPD	2,763,276	-	2,763,276	3/31/2019	0.00%	
Shuhab	Bank of America	20,195,365	-	20,195,365	3/31/2020	0.00%	
287 HDFC	CPC	1,532,919	-	1,532,919	6/1/2047	5.25%	
287 HDFC	HPD	1,564,495	-	1,564,495	6/1/2047	0.00%	
287 HDFC	HPD	826,000	-	826,000	6/1/2032	0.00%	(a)
New Hull	HPD	2,354,262	-	2,354,262	3/11/2059	1.25%	
NSCCC	LIIF	9,963,459	(8,827,851)	1,135,608	7/1/2051	1.43%	
NSCCC	New Markets Inv. 62 LLC	7,920,000	(4,391,008)	3,528,992	7/1/2051	1.43%	
St. John's HDFC	HPD	1,679,213	-	1,679,213	7/1/2022	2.00%	(a)
Marcy Baer LP	HTF	7,308,367	-	7,308,367	5/17/2093	1.00%	(a)
1615 LP	HDC	623,783	-	623,783	11/30/2034	5.45%	
1615 LP	HTF	700,000	-	700,000	11/1/2034	1.00%	
1561 LLC	Capital One	3,311,880	-	3,311,880	6/22/2017	2.50%	(b)
1561 LLC	HPD	3,015,926	-	3,015,926	6/26/2017	1.25%	(b)
1561 LLC	SHF	36,000		36,000	6/1/2048	0.00%	
NSA LLC	HFA	24,640,000	-	24,640,000	6/1/2048	5.30%	
NSA LLC	HFA	48,736,908	-	48,736,908	7/1/2019	3.07%	
NSA LLC	SHF	3,887,127	(3,887,127)	-	9/1/2023	3.60%	
NSA LLC	Crenulated	62,658,000	(62,658,000)	-	10/1/2048	3.60%	
NSA LLC	HPD	280,000	-	280,000	10/1/2048	0.00%	(a)
		$ 205,070,908	$ (79,763,986)	$ 125,306,922			

(a) The loans will be forgiven at their maturity if all of the terms under the enforcement mortgages are satisfied.

(b) These loans were paid in full during 2018.

(continued)

NOTE 10 - LONG-TERM DEBT (Continued)

Construction Loans Payable

New York State Housing Finance Agency ("HFA") has committed $86,000,000 for the construction of a project at NSA LLC. $24,640,000 bears interest at 5.3% per annum during construction and 4.64% through maturity on June 1, 2048. $61,360,000 bears interest at 3.07% and will be paid off upon permanent closing. As of December 31, 2017, $73,376,908 has been drawn on this construction loan. Additionally, the Organization has provided certain construction, completion, and other guaranties, as defined in the loan and other documents.

Notes Payable

Crenulated has provided $61,765,000 for the purchase of the real estate property from NSA LLC. The loan bears interest at 3.6% per annum through maturity on October 1, 2048, when the entire unpaid balance of principal and accrued interest are due.

Crenulated has also provided $893,000 to fund replacement reserve. The loan bears interest at 3.6% per annum through maturity on October 1, 2048, when the entire unpaid balance of principal and accrued interest are due.

The notes have been eliminated on the accompanying consolidated financial statements.

Future Funding

NYC Department of Housing Preservation & Development has committed to provide $22,553,084 at permanent closing of the NSA LLC project which will bear interest at 2.22% per annum compounded monthly and mature 30 years from the permanent closing.

Line of Credit

SHF has a line of credit (the "Line") with a financial institution for $750,000 which expired on August 31, 2018 and was subsequently extended by the bank through December 31, 2018. SHF is still in negotiations with the bank to extend the line of credit further. Terms provide for monthly interest payments calculated at the bank's prime lending rate (4.50% at December 31, 2017) and is secured by all assets of SHF and a second position on the property owned by Semiperm HDFC. There was no outstanding balance of the line at December 31, 2017.

Crenulated has a line of credit with a bank, in the amount of $400,000. The line of credit is payable interest only at 3% per annum. As of December 31, 2017, the outstanding balance was $276,719. During January 2018, the bank reduced the line of credit availability to $275,000 and extended the maturity date to February 6, 2018. At maturity, the Company paid the balance of the loan and closed the line of credit.

(continued)

NOTE 10 - LONG-TERM DEBT (Continued)

Mortgage Payable

Shuhab HDFC's fixed assets are secured by a mortgage loan of $20,523,723 which matured in December 2011 without repayment. This caused the Organization's current liabilities to exceed current assets by $29,477,421. Shuhab HDFC entered into a prenegotiation letter dated March 12, 2015 to encourage free and open discussion while ensuring that neither the lender nor Shuhab HDFC gives up any rights or remedies or incurs any obligations as a result of these discussions, unless and until a definite written agreement is reached and executed and delivered by authorized representatives of the lender and Shuhab HDFC. The prenegotiation letter is explicitly not a waiver, modification, or forbearance. Management plans to sell or refinance the underlying fixed assets securing the mortgage loan, by 2018, to pay the matured mortgage loan in full. Shuhab HDFC entered into a forbearance agreement on November 27, 2017 which temporarily forbears the lender of this mortgage loan from the exercise of remedies in respect of defaults which have occurred, the purpose of which is to provide Shuhab HDFC with time to retire the loan with proceeds of permanent financing which Shuhab shall obtain during the forbearance period. The forbearance agreement expired on June 30, 2018, subject to a conditional option of Shuhab HDFC to extend the December 15, 2018 deadline. Management has requested a final extension through May 31, 2019. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Aggregate annual maturities of the long-term debt over each of the next five years and thereafter, as of December 31, 2017, are as follows:

2018	$ 28,409,250
2019	49,559,759
2020	996,476
2021	827,109
2022	853,801
Thereafter	44,660,527
	125,306,922
Less, amounts to be forgiven (noncurrent)	10,093,580
	$ 115,213,342

Interest expense incurred for the year ended December 31, 2017 was $3,345,026.

NOTE 11 - NET ASSETS

Temporarily restricted net assets related to the purpose of affordable housing development with time imposed restrictions amounted to $916,792 at December 31, 2017.

NOTE 12 - PENSION PLAN

(a) Crenulated, Marcy Baer LP, and NSA LLC participate in the Service Employees International Union, Local 32BJ (the "Union") pension plan, health plan and other welfare plans under a collective bargaining agreement (the "Agreement") that covers certain of the Partnership's employees. The Agreement expires on March 14, 2019.

The pension plan is a multiemployer, noncontributory defined benefit pension plan. The pension plan is administered by a joint board of trustees and employer trustees and operates under EIN 13-1819138. The pension plan year runs on a calendar-year basis. Employers contribute to the pension plan in accordance with the Agreement, which generally provides that the employers contribute to the pension plan at a fixed rate on behalf of each covered employee. Separate actuarial information regarding such pension plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit. However, on March 31, 2017, the actuary certified that for the plan years beginning on January 1, 2017, the pension plan was in critical status under the Pension Protection Act of 2006. The pension plan trustees adopted a rehabilitation plan consistent with this requirement. No surcharges have been paid to the pension plan as of December 31, 2017.

The health plan and other welfare plans provide health and other general benefits to eligible participants under the terms of the Agreement with the Union. The health plan is administered by a board of trustees with equal representation by the employers and the Union. The health plan and other welfare plans receive contributions in accordance with the Agreement, which generally provides that the employers contribute to the health plan and other welfare plans at fixed rates on behalf of each covered employee.

Contributions made to the multiemployer benefit plans for the year ended December 31, 2017 are as follows:

Affiliated Entity	Pension Plan	Health Plan	Other Welfare Plans
Crenulated	$ 61,913	$ 314,486	$ 124,057
Marcy Baer LP	7,599	28,374	581
NSA LLC	-	20,577	7,343
	$ 69,512	$ 363,437	$ 131,981

(continued)

NOTE 12 - PENSION PLAN (Continued)

(b) Shuhab participates in the Building Service 32BJ (the "Shuhab Union") pension plan, health plan and other welfare plans under a collective bargaining agreement (the "Shuhab Union Agreement") that covers certain of Shuhab's employees. The Shuhab Union Agreement expires on April 20, 2018.

The pension plan is a multiemployer, noncontributory defined benefit pension plan. The pension plan is administered by a joint board of trustees and employer trustees and operates under EIN 13-1879376. The pension plan year runs from July 1st to June 30th. Employers contribute to the pension plan in accordance with the Shuhab Union Agreement which generally provides that the employers contribute to the pension plan at a fixed rate on behalf of each covered employee. Separate actuarial information regarding such pension plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit. However, on September 28, 2016, the actuary certified that for the plan years beginning on July 1, 2016, the pension plan was in critical status under the Pension Protection Act of 2006. The pension plan trustees adopted a rehabilitation plan consistent with this requirement. No surcharges have been paid to the pension plan as of December 31, 2017.

The health plan and other welfare plans provide health and other general benefits to eligible participants under the terms of the Shuhab Union Agreement. The health plan is administered by a board of trustees, with equal representation by the employers and the Shuhab Union. The health plan and other welfare plans receive contributions in accordance with the Shuhab Union Agreement which generally provides that the employers contribute to the health plan and other welfare plans at fixed rates on behalf of each covered employee.

Contributions which Shuhab made to the multiemployer benefit plans for the year ended December 31, 2017 are as follows:

Pension plan	$ 31,367
Health plan	154,298
Other welfare plans	5,400
	$ 191,065

NOTE 13 - PRIOR PERIOD ADJUSTMENT

During the year, the Company discovered an error in 2016, whereby revenue was understated by $1,015,941. The effect of the restatement was to increase accounts receivable and net assets by $1,015,941 as of January 1, 2017.

NOTE 14 - COMMITMENTS

Entities consolidated into the Organization have entered into various construction contracts totaling approximately $65,634,093, including change orders, relating to capital improvements and repair work. Approximately $63,254,281 of work has been completed (including $3,535,689 of accrued construction costs held as retainage) as of December 31, 2017. As of December 31, 2017, there was $2,379,712 of a remaining commitment.

NOTE 15 - SUBSEQUENT EVENTS

The Organization evaluated its December 31, 2017 consolidated financial statements for subsequent events through January 9, 2019, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

	SETTLEMENT HOUSING FUND, INC.	NONPROFIT AFFILIATES	REAL ESTATE AFFILIATES	CONSOLIDATING BALANCE	ELIMINATIONS	CONSOLIDATED BALANCE
CURRENT ASSETS:						
Cash and cash equivalents	$ 261,023	$ 1,955,318	$ 3,226,830	$ 5,443,171	$	$ 5,443,171
Tenant security deposits	-	142,475	695,518	837,993		837,993
Investments	1,037,307	-	-	1,037,307		1,037,307
Grants and contributions receivable	276,171	460,860	-	737,031		737,031
Fees receivable - current portion	13,335,252	-	-	13,335,252	(12,909,047)	426,205
Rents and other receivables (net of allowance for bad debts of $441,659)	-	264,832	785,828	1,050,660		1,050,660
Due from affiliates	4,621,883	5,064,380	(12,786,050)	(3,099,787)	3,151,957	52,170
Other assets	180,714	148,962	633,391	963,067		963,067
TOTAL CURRENT ASSETS	19,712,350	8,036,827	(7,444,483)	20,304,694	(9,757,090)	10,547,604
FIXED ASSETS:						
Property and equipment (net of accumulated depreciation of $38,696,635)	202,433	47,168,336	180,197,041	227,567,810	(80,157,229)	147,410,581
OTHER ASSETS:						
Fees receivable	74,250	-	-	74,250		74,250
Escrows and reserves	-	19,023,049	2,144,744	21,167,793		21,167,793
Investment - other	343,758	-	-	343,758		343,758
Loans receivable	12,955,400	-	-	12,955,400	(12,955,400)	-
Notes receivable	-	62,658,000	-	62,658,000	(62,658,000)	-
Interest receivable	204,749	3,383,532	-	3,588,281	(3,588,281)	-
Investment - other	-	-	1,833,903	1,833,903	(1,833,903)	-
Mortgage receivable	700,000	-	-	700,000		700,000
Other receivable	-	-	-	-		-
Deferred expenses (less, accumulated amortization of $88,953)	-	-	297,642	297,642		297,642
TOTAL ASSETS	$ 34,192,940	$ 140,269,744	$ 177,028,847	$ 351,491,531	$ (170,949,903)	$ 180,541,628

LIABILITIES AND NET ASSETS

	SETTLEMENT HOUSING FUND, INC.	NONPROFIT AFFILIATES	REAL ESTATE AFFILIATES	CONSOLIDATING BALANCE	ELIMINATIONS	CONSOLIDATED BALANCE
CURRENT LIABILITIES:						
Line of credit	$ -	$ 276,719	$ -	$ 276,719	$	$ 276,719
Current portion of long-term debt	40,000	22,023,878	6,345,372	28,409,250		28,409,250
Accounts payable and accrued expenses	398,372	1,726,623	695,465	2,820,460		2,820,460
Accrued interest payable	-	298,154	3,871,947	4,170,101	(3,588,281)	581,820
Construction costs payable	-	-	6,601,881	6,601,881	(775,607)	5,826,274
Tenant security deposits payable	-	144,185	695,518	839,703		839,703
Current portion of deferred rent payable	10,875	-	-	10,875		10,875
Deferred revenue	-	761,749	-	761,749		761,749
Developer's fee payable	-	74,574	1,559,901	1,634,475	563,446	2,197,921
Due to affiliates	3,887,127	474,502	758,391	5,120,020	(5,120,020)	-
Due to General Partner	-	-	1,000,000	1,000,000	(1,000,000)	-
TOTAL CURRENT LIABILITIES	4,336,374	25,780,384	21,528,475	51,645,233	(9,920,462)	41,724,771
OTHER LIABILITIES:						
Long-term debt (net of unamortized loan costs of $441,038)	80,000	27,239,848	148,637,313	175,957,161	(79,500,527)	96,456,634
Deferred rent payable	5,699	-	-	5,699		5,699
Unrecognized gain	-	80,160,877	-	80,160,877	(80,160,877)	-
TOTAL LIABILITIES	4,422,073	133,181,109	170,165,788	307,768,970	(169,581,866)	138,187,104
COMMITMENTS AND CONTINGENCIES						
NET ASSETS:						
Unrestricted:						
Operations	28,730,867	6,311,843	-	35,042,710	(5,046,029)	29,996,681
Board-designated for operating reserves	900,000	-	-	900,000		900,000
Noncontrolling interest	-	-	-	-	10,541,051	10,541,051
Temporarily restricted	140,000	776,792	-	916,792		916,792
TOTAL NET ASSETS	29,770,867	7,088,635	-	36,859,502	5,495,022	42,354,524
STOCKHOLDERS' AND PARTNERS' EQUITY (ACCUMULATED DEFICIT)	-	-	6,863,059	6,863,059	(6,863,059)	-
TOTAL LIABILITIES, NET ASSETS AND STOCKHOLDERS' AND PARTNERS' EQUITY ACCUMULATED (DEFICIT)	$ 34,192,940	$ 140,269,744	$ 177,028,847	$ 351,491,531	$ (170,949,903)	$ 180,541,628

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

SETTLEMENT HOUSING FUND, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED				
	SETTLEMENT HOUSING FUND, INC.	SETTLEMENT HOUSING FUND, INC.	NONPROFIT AFFILIATES	NONPROFIT AFFILIATES	REAL ESTATE AFFILIATES	CONSOLIDATING BALANCE	ELIMINATIONS	CONSOLIDATED BALANCE
PUBLIC SUPPORT AND OPERATING REVENUE:								
Grants and contributions	$ 1,271,769	$ -	$ 7,453,263	$ 1,143,125	$ -	$ 9,868,157	$ (181,513)	$ 9,686,644
Special events - net	397,234	-	-	-	-	397,234		397,234
Program and other fees	3,581,344	-	-	-	-	3,581,344	(711,493)	2,869,851
Rental income	-	-	4,773,635	-	10,955,677	15,729,312	(287,043)	15,442,269
Interest and dividend income	498,632	-	2,258,808	-	16,955	2,774,395	(2,652,003)	122,392
Realized and unrealized gain (loss) on investments	60,445	-	-	-	(1,374)	59,071	1,374	60,445
Other income	7,868,346	-	5,202,977	-	435,219	13,506,542	(141,775)	13,364,767
Net assets released from restrictions	-	-	366,333	(366,333)	-	-		-
TOTAL PUBLIC SUPPORT AND OPERATING REVENU	13,677,770	-	20,057,167	776,792	11,406,477	45,918,206	(3,972,453)	41,945,753
EXPENSES:								
Program services:								
Youth services	1,628,931	-	7,983,297	-	-	9,612,228	(418,556)	9,193,672
Housing	2,427,079	-	9,810,511	-	15,288,257	27,525,847	(3,439,721)	24,086,126
Supporting services:								
Management and general	1,474,837	-	613,925	-	-	2,088,762	(114,176)	1,974,586
Grants				-				-
Fund-raising	229,354	-	30,800	-	-	260,154		260,154
TOTAL EXPENSES	5,760,201	-	18,438,533	-	15,288,257	39,486,991	(3,972,453)	35,514,538
INCREASE (DECREASE) IN NET ASSETS	7,917,569	-	1,618,634	776,792	(3,881,780)	6,431,215	-	6,431,215
NET ASSETS - JANUARY 1, 2017	21,713,298	140,000	3,677,848	-	7,897,682	33,428,828	(1,368,037)	32,060,791
PRIOR PERIOD ADJUSTMENT	-	-	1,015,361	-	-	1,015,361		1,015,361
NET ASSETS - JANUARY 1, 2017 (AS RESTATED)	21,713,298	140,000	4,693,209	-	7,897,682	34,444,189	(1,368,037)	33,076,152
CAPITAL CONTRIBUTIONS	-	-	-	-	2,847,157	2,847,157		2,847,157
NET ASSETS - DECEMBER 31, 2017	$ 29,630,867	$ 140,000	$ 6,311,843	$ 776,792	$ 6,863,059	$ 43,722,561	$ (1,368,037)	$ 42,354,524

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

SETTLEMENT HOUSING FUND, INC.
(PARENT COMPANY ONLY)

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

SETTLEMENT HOUSING FUND, INC.
(PARENT COMPANY ONLY)

INDEX
DECEMBER 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Settlement Housing Fund, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Settlement Housing Fund, Inc. (Parent Company Only), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Settlement Housing Fund, Inc. and its affiliates, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Settlement Housing Fund, Inc. and its affiliates, and the financial statements of parent company presented herein are not a valid substitute for those consolidated financial statements.

Settlement Housing Fund, Inc. parent company only financial statements represent the financial results of the parent but not of the affiliates or the elimination of affiliate-related transactions. Parent company only financial statements are not a valid substitute for consolidated financial statements and represent a departure from accounting principles generally accepted in the United States of America. However, management has indicated that Settlement Housing Fund, Inc. parent company only financial statements are a necessary presentation under various contractual arrangements.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Settlement Housing Fund, Inc. (Parent Company Only) as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Berdon LLP

Certified Public Accountants

New York, New York
January 9, 2019

(PARENT COMPANY ONLY)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 261,023
Investments - marketable securities	1,037,307
Grants and contributions receivable	276,171
Fees receivable - current portion	13,335,252
Predevelopment costs	369
Due from affiliates	4,621,883
Other assets	180,345
TOTAL CURRENT ASSETS	19,712,350
FIXED ASSETS:	
Property and equipment (net of accumulated depreciation of $584,007)	202,433
OTHER ASSETS:	
Fees receivable	74,250
Loans receivable	12,955,400
Interest receivable	204,749
Investment - other	343,758
Mortgage receivable	700,000
TOTAL OTHER ASSETS	14,278,157
TOTAL ASSETS	$ 34,192,940

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Current portion of long-term debt	$ 40,000
Accounts payable and accrued expenses	398,372
Current portion of deferred rent payable	10,875
Due to affiliates	3,887,127
TOTAL CURRENT LIABILITIES	4,336,374
OTHER LIABILITIES:	
Long-term debt	80,000
Deferred rent payable	5,699
TOTAL OTHER LIABILITIES	85,699
TOTAL LIABILITIES	4,422,073
COMMITMENTS AND CONTINGENCIES	
NET ASSETS:	
Unrestricted:	
Undesignated	28,730,867
Board-designated for operating reserves	900,000
Temporarily restricted	140,000
TOTAL NET ASSETS	29,770,867
TOTAL LIABILITIES AND NET ASSETS	$ 34,192,940

SETTLEMENT HOUSING FUND, INC.
(PARENT COMPANY ONLY)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
PUBLIC SUPPORT AND OPERATING REVENUE:			
Grants and contributions	$ 1,271,769	$ -	$ 1,271,769
Special events (net of direct costs of $72,712)	397,234	-	397,234
Program and other fees	3,581,344	-	3,581,344
Interest and dividend income	498,632	-	498,632
Realized and unrealized gain on investments	60,445	-	60,445
Other income	7,868,346	-	7,868,346
Net assets released from restrictions	-	-	-
TOTAL PUBLIC SUPPORT AND OPERATING REVENUE	13,677,770	-	13,677,770
EXPENSES:			
Program services:			
Youth services	1,628,931	-	1,628,931
Housing	2,427,079	-	2,427,079
Supporting services:			
Management and general	1,474,837	-	1,474,837
Fund-raising	229,354	-	229,354
TOTAL EXPENSES	5,760,201	-	5,760,201
INCREASE IN NET ASSETS	7,917,569	-	7,917,569
NET ASSETS - JANUARY 1, 2017	21,713,298	140,000	21,853,298
NET ASSETS - DECEMBER 31, 2017	$ 29,630,867	$ 140,000	$ 29,770,867

SETTLEMENT HOUSING FUND, INC.
(PARENT COMPANY ONLY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	$ 7,917,569
Adjustments to reconcile increase in net assets to net cash (used in) operating activities:	
Realized and unrealized (gain) on investments	(60,445)
Depreciation	46,419
Bad debt	-
Deferred rent	(13,942)
Changes in operating assets and liabilities:	
Grants and contributions receivable	166,724
Fees receivable	(7,588,166)
Due from affiliates	(365,472)
Other assets	(30,411)
Interest receivable	(204,749)
Predevelopment costs	-
Accounts payable and accrued expenses	235,231
Due to affiliates	(169,720)
NET CASH (USED IN) OPERATING ACTIVITIES	(66,962)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments - marketable securities	(68,611)
Mortgage receivable	(248,774)
Fixed asset additions	(189,915)
NET CASH (USED IN) INVESTING ACTIVITIES	(507,300)
NET (DECREASE) IN CASH	(574,262)
CASH - BEGINNING OF YEAR	835,285
CASH - END OF YEAR	$ 261,023
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 979

SETTLEMENT HOUSING FUND, INC.
(PARENT COMPANY ONLY)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES		SUPPORTING SERVICES		
	YOUTH SERVICES	HOUSING	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
Salaries and related expenses	$ 1,032,185	$ 1,573,285	$ 1,121,581	$ 211,084	$ 3,938,135
Professional fees and contract service payments	104,300	264,753	92,215	18,270	479,538
Occupancy	-	248,208	92,503	-	340,711
Security	208	-	-	-	208
Telephone	13,537	48,539	19,325	-	81,401
Postage	846	-	10,465	-	11,311
Supplies	32,466	13,536	12,570	-	58,572
Affordable housing lease-up	-	30,691	-	-	30,691
Conferences, training, seminars and travel	20,685	1,538	4,481	-	26,704
Publications and printing	189	2,687	8,025	-	10,901
Purchase, rental and maintenance of equipment	13,538	31,120	12,875	-	57,533
Insurance	-	54,855	25,731	-	80,586
Contributions	-	137,187	-	-	137,187
Student expenses	161,210	10,385	4,130	-	175,725
DREAMS/Youthbuild expenses	10,667	-	-	-	10,667
Donated services and supplies	239,100	-	-	-	239,100
Interest expense	-	-	979	-	979
Other expenses	-	10,295	23,538	-	33,833
Depreciation and amortization	-	-	46,419	-	46,419
	$ 1,628,931	$ 2,427,079	$ 1,474,837	$ 229,354	$ 5,760,201

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization

Settlement Housing Fund, Inc. ("SHF") parent company only financial statements represent the financial results of the parent but not of the affiliates or the elimination of affiliate-related transactions. Parent company only financial statements are not a valid substitute for consolidated financial statements and represent a departure from accounting principles generally accepted in the United States of America. However, management has indicated that Settlement Housing Fund, Inc. parent company only financial statements are a necessary presentation under various contractual arrangements. As used herein, the term "affiliate" refers to entities under common control.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America as applicable to nonprofit entities.

(b) Cash and Cash Equivalents

SHF maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. SHF has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and equivalents. For purposes of the statement of cash flows, SHF considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(c) Income Taxes

SHF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require evaluation of tax positions taken or expected to be taken in the course of preparing SHF's tax returns to determine whether the tax positions are more likely than not sustainable upon examination by the applicable taxing authorities, based on the technical merits of the tax positions, and then recognizing the tax benefit that is more likely than not realizable. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management believes any such positions would be immaterial to the overall financial statements.

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

(c) Income Taxes (continued)

Management has determined that SHF has no uncertain tax positions that would require financial statement recognition. SHF is no longer subject to income tax examination by federal, state, or local tax authorities for years before 2014.

(d) Use of Accounting Estimates

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

(e) Functional Allocation of Expenses

The costs and expenses of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Costs which are associated with a specific program or activities are charged directly to that program or activity. Costs that are not specifically identifiable are allocated based upon management estimates of the functions benefited.

(f) Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements," establishes a framework for measuring fair value and expands disclosure requirements for fair value measurements. The disclosures required under FASB ASC Topic 820 have been included in this note.

Under FASB ASC Topic 820, SHF groups its assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

- Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

(f) Fair Value of Financial Instruments (continued)

- Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the SHF's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices at December 31, 2017, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, as well as other factors such as credit loss assumptions. Level 1 securities include those securities traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury, other U.S. Government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Accordingly, the Organization's equity securities have been classified as Level 1 and the Organization's corporate and municipal bonds have been classified as Level 2.

(g) Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities." Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification, and eliminating the disclosure of investment expenses that are netted against investment returns. ASU 2016-14 is effective for the fiscal years beginning after December 15, 2017 and early adoption is permitted. SHF has not yet evaluated the impact this adoption will have on the financial statements.

(h) Program Fees

SHF receives fees for the performance of project development. The fees are generally earned over the development period in accordance with the fee agreements. Development fees are recognized as revenue as the milestones in the development agreements are achieved.

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

(h) *Program Fees (continued)*

SHF receives supervisory fees from several of its affiliated projects. In addition, SHF provides services, such as marketing, to unaffiliated projects. The fees are recognized as revenue when earned.

Fees from all other services are recognized as earned in accordance with agreements or as services are rendered.

Note 3 - Investment - Other

The Organization invested $343,758 for a 8.98% subscriber's interest in Housing Partnership Insurance Exchange (HPIEx). The Organization, along with various other unrelated entities, entered into a contractual agreement to form HPIEx, a Vermont insurance company. The Organization purchases its property and liability insurance through HPIEx. The investment in HPIEx is valued at cost, as the Organization is not able to influence the operating or financial policies of HPIEx. Under the cost method, the Organization records income only to the extent of distributions.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk, associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on market decline, and that such changes could materially affect the amounts reported in the financial statements.

Note 4 - Fees Receivable from Related Parties

Fees receivable from related parties consist of the following at December 31, 2017:

	Current Portion	Noncurrent Portion
Two Bridges incentive fee	$ -	$ 74,250
NSA 2015 Owners	12,849,050	-
1615 St John's Place	59,998	-
Other affiliates	426,204	-
	$ 13,335,252	$ 74,250

NOTES TO FINANCIAL STATEMENTS

Note 5 - Due from/to Affiliates

Amounts due from affiliates at December 31, 2017 are as follows:

	For-Profit	Not-for-Profit
1561 LLC	$ -	$ 775,941
Crenulated	(345,075)	-
Two Bridgeset Associates LP	-	8,622
NSA 2015 Owners	3,887,127	-
301 HDFC	-	72,883
Semiperm HDFC	58,471	-
287 HDFC	(11,127)	-
1561 Associated LLC	-	36,000
1615 St. John's Place, L.P.	-	112,822
Other	26,219	-
	$ 3,615,615	$ 1,006,268

Amounts due to affiliates at December 31, 2017, are as follows:

	For-Profit	Not-for-Profit
Crenulated	$ -	$ 3,887,127

The balances are noninterest bearing, unsecured, and due on demand.

Note 6 - Loans Receivable

In conjunction with a New Markets Tax Credit (NMTC) transaction totaling $18,000,000, entered into for the benefit of NSCCC, SHF executed two notes, a Senior Fund Note in the amount of $8,827,851 dated August 11, 2011, through assignment from the investor member of the NMTC transaction, and a Junior Fund Note in the amount of $4,127,549 (collectively, the "Notes") with a third party that has provided funding to NSCCC. Terms of the Notes require interest-only payments, due quarterly at 1% per annum through July 1, 2018, and, beginning October 5, 2018, payments of principal and interest are due quarterly to amortize the loans over 318 months. The unpaid outstanding principal balance on the Notes, together with any unpaid and accrued interest, is due on January 1, 2045.

The loans are collateralized by a second position in the interests that an entity, party to the NMTC transaction, has in two entities that have loans and capital investments in NSCCC.

In conjunction with the NMTC transaction, NSCC, Settlement Housing Fund and/or Crenulated have provided guarantees related to any NMTC recapture, a full guarantee of project completion and cost overruns, an operating guarantee for the project and ongoing management fees with respect to the NMTC transaction, as well as guarantee all obligations of NSCCC, including all principal and interest payments.

There are no indications that NSCC, Settlement Housing Fund or Crenulated have any potential liability, as of the date of the report, with respect to these guarantees and no liability has been recorded in the consolidated financial statements.

Future amounts to be received on the notes are as follows:

Year	
2019	$ 420,131
2020	424,349
2021	428,608
2022	432,910
2023	437,256
Thereafter	10,812,146
	$ 12,955,400

Interest income earned on the notes for the year ended December 31, 2016 was $129,554.

Note 7 - Fair Value Measurements

The cost, unrealized gains and losses, and fair values of the Organization's Level 1 and Level 2 securities measured on a recurring basis at December 31, 2017 are as follows:

	Cost	Market Value	Cumulative Unrealized Gain (Losses)	Maturity Dates	Interest Rates
Corporate bonds*	$ 403,689	$	$ (191)	1/15/18 - 11/15/25	1.49 to 7.15%
Municipal bonds*	24,971	27,005	2,034	9/1/2024	5.25%
Mutual funds	243,144	385,069	141,925		
Preferred equities	222,640	220,880	(1,760)		
Other	1,053	855	(198)	2/1/18 - 10/1/19	5.5%-5.5%
	$ 895,497	$ 1,037,307	$ 141,810		

*Corporate and municipal bonds are treated as Level 2 instruments.

For the year ended December 31, 2017, sales proceeds, and realized and unrealized gained are as follows:

Realized gains	$ (3,272)
Unrealized gains	63,717
	$ 60,445

Note 8 - Mortgage Receivable

The mortgage to an affiliate is interest free and due on October 29, 2025. The mortgage is reported at its net present value using a discount rate of 5%. In 2008, SHF donated half the mortgage to another affiliate. As of December 31, 2017, the balance of SHF's 50% share of the mortgage was $700,000.

Note 9 - Lease Commitment

SHF occupies its premises under various operating leases expiring August 31, 2027. The annual base rent increases annually at 2.5%, plus escalations for real estate tax and maintenance. SHF recognizes $312,211 per year of rental expense on a straight-line basis. Deferred rent payable at December 31, 2017 was $16,574.

Minimum future rental payments for each of the remaining years and in the aggregate thereafter are as follows:

Year	
2018	$ 375,460
2019	384,840
2020	394,468
2021	404,328
2022	414,436
Thereafter	2,114,052
	$ 4,087,584

Note 10 - Line of Credit

SHF has a line of credit (the "Line") with a financial institution for $750,000 which expires on August 31, 2018. SHF is in negotiations to extend the Line. Terms provide for monthly interest payments calculated at the bank's prime lending rate (4.50% at December 31, 2017). The Line is secured by all assets of SHF and a second position on the property owned by an affiliate. There was no outstanding balance of the line at December 31, 2017.

Note 11 - Commitments and Guarantees

New York State Housing Finance Agency has committed $86,000,000 for the construction of an SHF affiliate's project. The construction loan is secured by the fixed assets of the affiliate. As of December 31, 2017, $73,376,908 has been drawn on this construction loan. SHF has provided certain construction, completion, and other guarantees, as defined in the loan and other documents.

Note 12 - Subsequent Events

SHF has evaluated its December 31, 2017 financial statements for subsequent events through January 9, 2019, the date the financial statements were available to be issued.