NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
# Contents

**Nuestra Comunidad Development Corporation and Subsidiaries**

**December 31, 2000 and 1999**

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INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors of
Nuestra Comunidad Development Corporation and Subsidiaries:

We have audited the accompanying consolidating statements of financial position of Nuestra Comunidad Development Corporation (a Massachusetts Corporation, not for profit) (Nuestra) and Subsidiaries as of December 31, 2000 and 1999, and the related consolidating statements of revenues and expenses, changes in entities' equity (deficit), cash flows, and operating expenses for the years then ended. These consolidating financial statements are the responsibility of Nuestra's management. Our responsibility is to express an opinion on these consolidating 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 consolidating financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidating financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of Nuestra Comunidad Development Corporation and Subsidiaries as of December 31, 2000 and 1999, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic consolidating financial statements taken as a whole. The supplemental consolidating statements of revenues and expenses - rental property for the years ended December 31, 2000 and 1999, are presented for purposes of additional analysis and are not a required part of the basic consolidating financial statements. These supplemental consolidating statements have been subjected to the auditing procedures applied in the audit of the basic consolidating financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidating financial statements taken as a whole.

Alexander, Aronson, Finning & Co., P.C.

Boston, Massachusetts
May 11, 2001
### NEUSTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2008**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>CURRENT DEVELOPMENT</th>
<th>RENTAL</th>
<th>PROPERTY MANAGEMENT</th>
<th>VILLAGE DEVELOPMENT</th>
<th>COMPLETED FUND</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>133,210</td>
<td>135,119</td>
<td>114,068</td>
<td>55,333</td>
<td>345</td>
<td>2,667</td>
<td>40,688</td>
<td>748,642</td>
</tr>
<tr>
<td></td>
<td>Accounts receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,208</td>
<td>189</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Current portion of long-term liabilities</td>
<td>278,154</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Due from shareholders</td>
<td>382,359</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Other current assets</td>
<td>15,443</td>
<td>-</td>
<td>4,212</td>
<td>5,920</td>
<td>2,327</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total current assets</td>
<td>629,106</td>
<td>135,219</td>
<td>120,287</td>
<td>72,020</td>
<td>33,013</td>
<td>2,994</td>
<td>40,688</td>
<td>748,888</td>
</tr>
</tbody>
</table>

#### PROPERTY AND EQUIPMENT:

|        | Land | - | - | - | - | - | - | - | - | - | 125,757 |
|        | Buildings and improvements | 152,000 | - | - | - | 1,237,196 | 2,885 | 25,025 | - | - | 1,405,980 |
|        | Furniture and equipment | - | - | - | - | 34,298 | - | - | - | - | 34,298 |
|        | Less: accumulated depreciation | 179,144 | - | - | - | 1,432,313 | 17,613 | 25,025 | - | - | 1,650,795 |
|        | Net property and equipment | 72,856 | - | - | - | 1,202,883 | 27,602 | 25,025 | - | - | 1,440,507 |

#### OTHER ASSETS:

|        | Restricted cash | - | - | - | - | - | - | - | - | - | 45,839 |
|        | Prepaid expenses | - | - | - | - | - | - | - | - | - | 45,141 |
|        | Investments | - | - | - | - | - | - | - | - | - | 43,315 |
|        | Loans receivable | - | - | - | - | - | - | - | - | - | 42,315 |
|        | Financing fees, net | - | - | - | - | - | - | - | - | - | 4,014 |
|        | Due from parties associated with the Company | 74,020 | 192,001 | (253,966) | (78,765) | - | - | - | - | - |
|        | Due from non-recourse entities | - | - | - | - | - | - | - | - | - | 35,858 |
|        | Due from affiliates, net | 90,807 | 16,814 | - | - | - | - | - | - | - | 107,621 |
|        | Total other assets | 163,827 | 359,815 | (253,966) | (78,765) | - | - | - | - | - |
|        | Total assets | 892,933 | 492,534 | 1,383,743 | 179,842 | 62,046 | 29,708 | 44,503 | 1,603,718 | - | 3,993,730 |

#### LIABILITIES AND EQUITY (DEFICIT):

#### CURRENT LIABILITIES:

|        | Line of credit - working capital | - | - | - | - | - | - | - | - | - | 77,077 |
|        | Current portion of long-term debt | 98,130 | - | - | - | 139,668 | 12,366 | - | - | - | 234,996 |
|        | Accounts payable and accrued expenses | - | - | - | - | 10,070 | 15,708 | - | - | - | 25,778 |
|        | Due to consolidated entities | - | - | - | - | 208,388 | 30,404 | - | - | - | 238,865 |
|        | Total current liabilities | 98,130 | - | - | - | 259,636 | 25,474 | - | - | - | 473,240 |

#### OTHER LIABILITIES:

|        | Due to affiliates | - | - | - | - | - | - | - | - | - | 3,959 |
|        | Due to related parties | - | - | - | - | 3,406 | 4,557 | - | - | - | 8,293 |
|        | Long-term debt, net of current portion | - | - | - | - | 39,230 | - | - | - | - | 39,230 |
|        | Less: line of credit | - | - | - | - | - | - | - | - | - | - |
|        | Minority interest in assets of subsidiaries | - | - | - | - | - | - | - | - | - | - |
|        | Total other liabilities | 39,230 | - | - | - | 39,230 | - | - | - | - | 39,230 |

|        | Total liabilities | 137,360 | 0 | 298,866 | 25,474 | 25,474 | 0 | - | - | - | 298,866 |

#### CONTINGENT DEBT

|        | - | 12,942 | 87,740 | 852,669 | - | - | - | - | - | - | 902,869 |

#### ENTITIES' EQUITY (DEFICIT):

|        | Unrestricted net assets | 316,666 | - | - | - | (30,722) | 39,495 | (20,970) | - | - | 305,534 |
|        | Capital stock and surplus (deficit) | - | - | - | - | - | - | - | - | - | - |
|        | Authorized | - | - | - | - | - | - | - | - | - | - |
|        | Issued and outstanding | - | - | - | - | - | - | - | - | - | - |
|        | Authorized | - | - | - | - | - | - | - | - | - | - |
|        | Issued and outstanding | - | - | - | - | - | - | - | - | - | - |
|        | Board designated operating reserve | 132,415 | - | - | - | - | - | - | - | - | 132,415 |
|        | Property and equipment | - | - | - | - | - | - | - | - | - | - |
|        | Development net assets | - | - | - | - | - | - | - | - | - | - |
|        | Board designated reserve | - | - | - | - | - | - | - | - | - | - |
|        | Other | - | - | - | - | - | - | - | - | - | - |
|        | Total non-current assets | 316,000 | - | - | - | - | - | - | - | - | 316,000 |

|        | Total shareholders' equity (deficit) | - | 12,942 | 97,740 | 852,669 | - | - | - | - | - | - |

|        | Temporary restricted net assets | 544,154 | - | - | - | - | - | - | - | - | 544,154 |

|        | Permanently restricted net assets | 1,257,450 | 138,237 | 202,351 | (175,268) | (48,794) | 43,327 | 86,568 | 115,144 | - | 1,078,356 |

|        | Total shareholders' equity (deficit) | 1,841,603 | 12,942 | 531,736 | 1,441,537 | - | - | - | - | - | 3,510,303 |

|        | Total liabilities and shareholders' equity (deficit) | 1,348,503 | 12,942 | 1,302,900 | 1,441,537 | - | - | - | - | - | 4,890,765 |
## NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

### CONSOLIDATING STATEMENT OF FINANCIAL POSITION

**December 31, 1989**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>PROPERTY MANAGEMENT</th>
<th>PROPERTY DEVELOPMENT</th>
<th>CAPITAL</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 58,220</td>
<td>$ 222,792</td>
<td>$ 375,182</td>
<td>$ 49,834</td>
<td>$ 10,577</td>
<td>$ 42,618</td>
<td>$ 62,958</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>394,824</td>
<td>-</td>
<td>-</td>
<td>19,841</td>
<td>880</td>
<td>(1,566)</td>
<td>417,765</td>
</tr>
<tr>
<td>Due from consolidated entities</td>
<td>210,400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>210,400</td>
</tr>
<tr>
<td>Due from affiliates</td>
<td>268,055</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>268,055</td>
</tr>
<tr>
<td>Other current assets</td>
<td>17,000</td>
<td>-</td>
<td>7,437</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24,437</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>592,125</td>
<td>222,792</td>
<td>375,182</td>
<td>49,834</td>
<td>10,577</td>
<td>42,618</td>
<td>62,958</td>
</tr>
</tbody>
</table>

| PROPERTY AND EQUIPMENT: | | | | | | | |
| Land | - | - | - | - | - | - | - | 128,757 |
| Buildings and improvements | 61,688 | - | - | - | - | (32,758) | 1,566,355 |
| Furniture and equipment | 64,852 | - | - | - | - | - | 64,852 |
| Lease - accumulated depreciation | 128,757 | - | - | - | - | (32,758) | 1,579,885 |
| Net property and equipment | 155,133 | - | - | - | - | (32,758) | 1,554,308 |

| OTHER ASSETS: | | | | | | | |
| Restricted cash | - | 95,300 | - | 286,025 | - | - | 381,325 |
| Project and administration expenses | - | 1,046,350 | - | - | - | - | 1,046,350 |
| Investments in subsidiaries and affiliates | - | 120,364 | - | - | (132,937) | 120,364 |
| Less receivables | - | - | - | - | - | - | - |
| Financing fees, net | - | - | - | - | - | 5,552 | 5,552 |
| Due to (from) share | 140,020 | - | - | - | - | - | 140,020 |
| Due from consolidated entities | - | - | - | - | - | (178,650) | (178,650) |
| Due from affiliates, net | - | - | - | - | - | - | - |
| **Total other assets** | 149,020 | 95,300 | 1,046,350 | 381,325 | 120,364 | 5,552 | 2,352 | 1,682,608 |

| **Total assets** | $ 1,741,145 | $ 378,093 | $ 1,443,435 | $ 1,532,449 | $ 178,566 | $ 446,185 | $ 675,819 | $ 7,514,043 |

## LIABILITIES AND EQUITY EQUITY (DEFICIT)

### CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th>Liabilities and equity (deficit)</th>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>PROPERTY MANAGEMENT</th>
<th>PROPERTY DEVELOPMENT</th>
<th>CAPITAL</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on sales - working capital</td>
<td>$ -</td>
<td>-</td>
<td>$ 125,620</td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current portion of long term debt</td>
<td>-</td>
<td>-</td>
<td>190,321</td>
<td>190,321</td>
<td>-</td>
<td>-</td>
<td>190,321</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>52,663</td>
<td>-</td>
<td>-</td>
<td>24,690</td>
<td>12,459</td>
<td>44,912</td>
<td>42,264</td>
</tr>
<tr>
<td>Due to consolidated entities</td>
<td>-</td>
<td>-</td>
<td>38,490</td>
<td>44,644</td>
<td>177,108</td>
<td>59,027</td>
<td>425,205</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>52,663</td>
<td>-</td>
<td>38,490</td>
<td>24,690</td>
<td>177,108</td>
<td>59,027</td>
<td>425,205</td>
</tr>
</tbody>
</table>

### OTHER LIABILITIES:

<table>
<thead>
<tr>
<th>Liabilities and equity (deficit)</th>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>PROPERTY MANAGEMENT</th>
<th>PROPERTY DEVELOPMENT</th>
<th>CAPITAL</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to affiliates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to consolidated entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(19,332)</td>
<td>(19,332)</td>
</tr>
<tr>
<td>Long term debt, net of current portion</td>
<td>-</td>
<td>-</td>
<td>30,020</td>
<td>30,020</td>
<td>-</td>
<td>-</td>
<td>30,020</td>
</tr>
<tr>
<td>Loss on sale - receiving bank</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other accrued (payable) to net assets of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,041</td>
<td>15,041</td>
</tr>
<tr>
<td><strong>Total other liabilities</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,041</td>
<td>15,041</td>
</tr>
</tbody>
</table>

| **Total liabilities** | - | - | - | - | - | 17,833 | 17,833 |

### CONTINGENT DEBT:

<table>
<thead>
<tr>
<th>Liabilities and equity (deficit)</th>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>PROPERTY MANAGEMENT</th>
<th>PROPERTY DEVELOPMENT</th>
<th>CAPITAL</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured debt assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### EQUITY EQUITY (DEFICIT):

<table>
<thead>
<tr>
<th>Liabilities and equity (deficit)</th>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>PROPERTY MANAGEMENT</th>
<th>PROPERTY DEVELOPMENT</th>
<th>CAPITAL</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured debt assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Operating net assets (deficit) | 505,753 | - | - | - | - | - | 505,753 |
| Less bank guarantee reserve account | - | - | - | - | - | - | - |
| Property and equipment | 184,556 | - | - | - | - | - | 184,556 |
| Development asset reserves | 107,747 | - | - | - | - | - | 107,747 |
| Development asset reserves | - | - | - | - | - | - | - |
| Property and equipment | - | - | - | - | - | - | - |
| Rental property (write off) | - | - | - | - | - | - | - |
| Property and equipment | 306,177 | - | - | - | - | - | 306,177 |
| Temporary restricted net assets | - | - | - | - | - | - | - |

| Temporary restricted net assets | 230,416 | - | - | - | - | - | 230,416 |
| Permanently restricted net assets | - | - | - | - | - | - | - |

| Total restricted equity (deficit) | 4,024,990 | 230,416 | 43,907 | 176,999 | 49,932 | 232,416 | 4,466,808 |

| Total shareholders equity (deficit) | $ 1,396,599 | $ 378,093 | $ 1,443,435 | $ 1,532,449 | $ 178,566 | $ 446,185 | $ 675,819 | $ 7,514,043 |

The accompanying notes are an integral part of these consolidated statements.

- 2 -
### NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

**CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2000**

#### CHANGES IN UNRESTRICTED NET ASSETS:

<table>
<thead>
<tr>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>CURRENT DEVELOPMENT</th>
<th>RENTAL PROPERTY</th>
<th>PROPERTY MANAGEMENT</th>
<th>VILLAGE PUBLICS</th>
<th>COMPLETED DEVELOPMENT</th>
<th>CAPITAL FUNDS</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent and program revenues</td>
<td>$185,120</td>
<td>-</td>
<td>$30,192</td>
<td>$2,396</td>
<td>$154,157</td>
<td>-</td>
<td>-</td>
<td>$13,649</td>
<td>$124,728</td>
</tr>
<tr>
<td>Rental fees</td>
<td>-</td>
<td>-</td>
<td>159,217</td>
<td>319,110</td>
<td>-</td>
<td>15,507</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foundation, Corporation, United Way, and individual donations</td>
<td>302,641</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,195</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>223,407</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government grants and other contracts</td>
<td>11,846</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development fees</td>
<td>158,913</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>26,029</td>
<td>-</td>
<td>378</td>
<td>329</td>
<td>-</td>
<td>-</td>
<td>8,370</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total unrestricted revenue</strong></td>
<td><strong>1,029,080</strong></td>
<td><strong>-</strong></td>
<td><strong>109,087</strong></td>
<td><strong>313,435</strong></td>
<td><strong>154,157</strong></td>
<td><strong>50,956</strong></td>
<td><strong>7,870</strong></td>
<td><strong>13,649</strong></td>
<td><strong>190,076</strong></td>
</tr>
</tbody>
</table>

**Operating expenses:**

| Real Estate Development and Support | 118,994 | - | - | - | - | - | - | - | - | 118,994 |
| Asset Management | 262,259 | - | - | - | - | - | - | - | - | 262,259 |
| Economic Development | 171,219 | - | - | - | - | - | - | - | - | 171,219 |
| Homeowner Services | 234,054 | - | - | - | - | - | - | - | - | 234,054 |
| Resident Services | 2,246 | - | - | - | - | - | - | - | - | 2,246 |
| Current Development | - | - | 105,433 | - | - | - | - | - | - | 105,433 |
| Rental Property | - | - | - | 343,522 | - | - | - | - | - | 343,522 |
| Property Management | - | - | - | - | - | - | - | - | - | - |
| Village Publics | - | - | - | - | - | - | 57,005 | - | - | 57,005 |
| Completed Development | - | - | - | - | - | - | - | - | - | - |
| Capital Funds | - | - | - | - | - | - | - | - | - | - |
| **Total operating expenses** | **1,025,340** | **-** | **105,433** | **343,522** | **182,094** | **57,050** | **14,743** | **13,649** | **184,124** | **1,650,007** |

**Changes in unrestricted net assets from operations:**

| | | | | | | | | | |
| 4,646 | - | 35,546 | 20,457 | 193 | 6,094 | 6,673 | - | - | (47,362) |
| **Change in unrestricted net assets** | **13,649** | **-** | **13,649** | **-** | **-** | **-** | **-** | **-** | **-** | **41,912** |

**Other revenues (expenses):**

| | | | | | | | | | |
| Project development grants | - | - | - | - | - | - | - | - | - | 134,469 |
| Interest on contingent long-term debt | - | - | (18,140) | - | - | - | - | - | - | (18,140) |
| Other income | - | - | - | - | - | - | - | - | - | 2,849 |
| Minority interest in loss of subsidiaries | - | - | - | - | - | - | - | - | - | 1,129 |
| Gain on sale of development property | - | - | - | - | - | - | - | - | - | 29,630 |
| Net assets released from restrictions - capital | - | 85,000 | - | - | - | - | - | - | - | 85,000 |
| **Total other revenues (expenses)** | **85,000** | **164,099** | **18,140** | **2,849** | **1,129** | **29,630** | **85,000** | **164,099** | **18,140** | **2,849** |
| **Changes in unrestricted net assets** | **4,646** | **85,000** | **158,753** | **149,097** | **193** | **6,094** | **4,024** | **-** | **-** | **142,554** |

#### CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:

| Foundation, corporation, United Way grants | 544,442 | - | - | - | - | - | - | - | - | 544,442 |
| Net assets released from restrictions | (233,407) | (85,000) | - | - | - | - | - | - | - | (318,407) |
| **Changes in temporarily restricted net assets** | **311,035** | **(85,000)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **226,035** |

#### CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:

| Grants | - | - | - | - | - | - | - | - | - | - |
| Changes in net assets | $315,681 | - | $158,753 | $149,097 | $193 | $6,094 | $4,024 | $390,000 | $390,000 | $758,589 |

*The accompanying notes are an integral part of these consolidated statements.*
<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Investment</th>
<th>Development</th>
<th>Property Management</th>
<th>Completed Development</th>
<th>Capital Funds</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in unrestricted net assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted revenues -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and program revenues</td>
<td>167,606</td>
<td>-</td>
<td>56,280</td>
<td>1,206</td>
<td>183,067</td>
<td>-</td>
<td>-</td>
<td>504,063</td>
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<td>Rental fees</td>
<td>-</td>
<td>-</td>
<td>25,357</td>
<td>289,444</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>314,797</td>
</tr>
<tr>
<td>Foundation, corporation, United Way, and individual donations</td>
<td>299,934</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>275,524</td>
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<td>Net assets released from restrictions</td>
<td>211,271</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>211,271</td>
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<tr>
<td>Government grants and other contracts</td>
<td>188,355</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>188,355</td>
</tr>
<tr>
<td>Development fees</td>
<td>185,887</td>
<td>-</td>
<td>-</td>
<td>185,887</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>185,887</td>
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<td>Interest income</td>
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<td>3,670</td>
<td>1,620</td>
<td>21,752</td>
<td>-</td>
<td>-</td>
<td>40,559</td>
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<td>Total unrestricted revenues</td>
<td>1,055,994</td>
<td>-</td>
<td>82,025</td>
<td>292,370</td>
<td>315,618</td>
<td>8,117</td>
<td>8,578</td>
<td>1,221,406</td>
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<tr>
<td>Operating expenses -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Development and Support</td>
<td>98,398</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98,398</td>
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<tr>
<td>Asset Management</td>
<td>234,481</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>234,481</td>
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<tr>
<td>Economic Development</td>
<td>223,075</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>223,075</td>
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<tr>
<td>Management Services</td>
<td>135,828</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>135,828</td>
</tr>
<tr>
<td>Resident Services</td>
<td>281,214</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>281,214</td>
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<tr>
<td>Current Development</td>
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<td>-</td>
<td>75,602</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>75,602</td>
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<tr>
<td>Rental Property</td>
<td>-</td>
<td>-</td>
<td>340,279</td>
<td>-</td>
<td>234,060</td>
<td>-</td>
<td>-</td>
<td>316,279</td>
</tr>
<tr>
<td>Property Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>234,060</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>103,720</td>
</tr>
<tr>
<td>Completed Development</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,473</td>
<td>-</td>
<td>-</td>
<td>7,422</td>
</tr>
<tr>
<td>Capital Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,186</td>
<td>-</td>
<td>-</td>
<td>7,186</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>643,316</td>
<td>-</td>
<td>75,003</td>
<td>340,279</td>
<td>234,060</td>
<td>15,473</td>
<td>7,186</td>
<td>1,405,512</td>
</tr>
<tr>
<td>Changes in unrestricted net assets from operations</td>
<td>112,988</td>
<td>-</td>
<td>9,451</td>
<td>(48,089)</td>
<td>(51,307)</td>
<td>(7,356)</td>
<td>1,392</td>
<td>50,409</td>
</tr>
<tr>
<td>Other revenues (expenses) -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project development grants</td>
<td>-</td>
<td>-</td>
<td>140,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>168,476</td>
</tr>
<tr>
<td>Interest on contingent long-term debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,724)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,724)</td>
</tr>
<tr>
<td>Share of interest in loss of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,213</td>
</tr>
<tr>
<td>Loss on sale of development property</td>
<td>-</td>
<td>-</td>
<td>(15,884)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(15,884)</td>
</tr>
<tr>
<td>Net assets released from restrictions - capital</td>
<td>-</td>
<td>60,806</td>
<td>213,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>275,806</td>
</tr>
<tr>
<td>Subsidies to affiliates</td>
<td>(20,000)</td>
<td>-</td>
<td>(170,930)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(190,930)</td>
</tr>
<tr>
<td>Interest income</td>
<td>51,619</td>
<td>250</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>51,869</td>
</tr>
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<td>Grants to subsidiary</td>
<td>(8,763)</td>
<td>-</td>
<td>(142,900)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(151,763)</td>
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<td>Total other revenues (expenses)</td>
<td>72,856</td>
<td>61,858</td>
<td>27,416</td>
<td>(17,224)</td>
<td>-</td>
<td>-</td>
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<td>274,535</td>
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<tr>
<td>Changes in unrestricted net assets</td>
<td>135,444</td>
<td>61,856</td>
<td>38,857</td>
<td>(65,733)</td>
<td>(51,302)</td>
<td>(7,356)</td>
<td>30,288</td>
<td>342,029</td>
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<td>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation, corporation, and United Way grants</td>
<td>233,419</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>283,419</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(211,771)</td>
<td>(60,000)</td>
<td>(215,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(465,771)</td>
</tr>
<tr>
<td>Changes in temporarily restricted net assets</td>
<td>21,648</td>
<td>(10,000)</td>
<td>(215,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(284,158)</td>
</tr>
<tr>
<td>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>(152,092)</td>
<td>50,250</td>
<td>(178,133)</td>
<td>$ (165,733)</td>
<td>$ (51,302)</td>
<td>$ (7,356)</td>
<td>$ 160,468</td>
<td>$ 302,765</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidating statements.
| NUEESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES |
| CONSOLIDATING STATEMENTS OF CHANGES IN ENTITIES' EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999 |

<table>
<thead>
<tr>
<th></th>
<th>OPERATING</th>
<th>INVESTMENT</th>
<th>CURRENT DEVELOPMENT</th>
<th>RENTAL PROPERTY</th>
<th>PROPERTY MANAGEMENT</th>
<th>VILLAGE PUSCARTS</th>
<th>COMPLETED DEVELOPMENT</th>
<th>CAPITAL FUNDS</th>
<th>TOTAL</th>
<th>NUESTRA PALLADIO LIMITED PARTNERSHIP</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENTITIES' EQUITY (DEFICIT), December 31, 1998</td>
<td>$ 926,198</td>
<td>$ 948,943</td>
<td>$ 17,826</td>
<td>$ (169,186)</td>
<td>$ 1,369</td>
<td>$ -</td>
<td>$ 259,548</td>
<td>$ 264,846</td>
<td>$ 2,209,244</td>
<td>$ (48,993)</td>
<td>$ (143,569)</td>
<td>$ 2,116,984</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>157,092</td>
<td>50,250</td>
<td>(178,133)</td>
<td>(65,733)</td>
<td>(51,302)</td>
<td>-</td>
<td>(7,356)</td>
<td>160,468</td>
<td>65,286</td>
<td>-</td>
<td>202,785</td>
<td>268,971</td>
</tr>
<tr>
<td>Syndication of Nuestra Palladio Limited Partnership</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interfund transfers</td>
<td>(81,694)</td>
<td>(122,500)</td>
<td>204,194</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| ENTITIES' EQUITY (DEFICIT), December 31, 1999 | 1,001,596 | 876,693 | 43,887 | (174,919) | (49,933) | - | 252,192 | 425,314 | 2,374,830 | - | 59,218 | 2,434,048 |
| Changes in net assets | 315,681 | - | 158,753 | (49,997) | 193 | (6,094) | (4,024) | 390,003 | 805,412 | - | (46,823) | 758,589 |
| Additional paid in capital | - | - | - | 50,728 | - | - | - | 50,728 | - | (50,728) | - |
| Interfund transfers  | (59,796) | (68,386) | 59,711 | - | - | - | - | 68,471 | - | - | - |


The accompanying notes are an integral part of these consolidating statements.
## NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

### CONSOLIDATING STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>$ 758,189</td>
<td>$ 206,071</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>69,880</td>
<td>71,503</td>
</tr>
<tr>
<td>Project development grants</td>
<td>(526,469)</td>
<td>(142,000)</td>
</tr>
<tr>
<td>Accrued interest on contingent long-term debt</td>
<td>18,610</td>
<td>17,724</td>
</tr>
<tr>
<td>(Gain) loss on sale of development property</td>
<td>(25,034)</td>
<td>15,504</td>
</tr>
<tr>
<td>Subsidies to affiliates</td>
<td>-</td>
<td>192,000</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in accounts receivable</td>
<td>156,787</td>
<td>267</td>
</tr>
<tr>
<td>Increase in due from affiliates</td>
<td>(46,851)</td>
<td>(22,670)</td>
</tr>
<tr>
<td>Increase in other current assets</td>
<td>(599)</td>
<td>(1,154)</td>
</tr>
<tr>
<td>(Decrease) increase in accounts payable and accrued expenses</td>
<td>(9,491)</td>
<td>846,184</td>
</tr>
<tr>
<td>(Decrease) increase in due to affiliates</td>
<td>(5,544)</td>
<td>89,820</td>
</tr>
<tr>
<td>Decrease in minority interest in net assets of subsidiaries</td>
<td>(1,129)</td>
<td>(1,413)</td>
</tr>
<tr>
<td>Decrease in other liabilities</td>
<td>(5,392)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>137,767</td>
<td>284,806</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES:** |        |        |
| (Increase) decrease in due from affiliates, net | (175,242) | 171,507 |
| Acquisition of property and equipment | (272,067) | (66,593) |
| Decrease in restricted cash | 288,096  | 28,044  |
| (Increase) decrease in preprojects under development | (599,167) | 97,170  |
| Increase in loans receivable | (106,487) | (172,225) |
| Investment in affiliate | (221,358) | -      |
| Proceeds from sale of property | 169,635  | -      |
| Payment of financing fees | -      | (8,000) |
| Syndication of Nuestra Padilla Limited Partnership | -      | (7,583) |
| Development subsidies | -      | (100,000) |
| Net cash used in investing activities | (887,949) | (147,570) |

| **CASH FLOWS FROM FINANCING ACTIVITIES:** |        |        |
| Proceeds from lines of credit, net | (63,362) | 99,634  |
| Proceeds from long-term debt | 398,711  | 804,642 |
| Payments of long-term debt | (154,942) | (777,336) |
| Increase (decrease) in contingent debt | 1,586    | (409,129) |
| (Decrease) increase in accounts payable and accrued expenses | (96,571) | 204,699 |
| Project development grants | 524,469  | 140,000 |
| Net cash provided by (used in) financing activities | 609,722  | (22,281) |

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

97,844

**CASH AND CASH EQUIVALENTS, beginning of year**

714,546

**CASH AND CASH EQUIVALENTS, end of year**

$ 812,390

**SUPPLEMENTAL DISCLOSURE**

Cash paid for interest

$ 84,953

$ 85,656

The accompanying notes are an integral part of these consolidated statements.
## NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

### CONSOLIDATING STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2000

<table>
<thead>
<tr>
<th>OPERATING PROGRAMS</th>
<th>REAL ESTATE DEVELOPMENT AND SUPPORT</th>
<th>HOME-OWNED SERVICES</th>
<th>ECONOMIC DEVELOPMENT SERVICES</th>
<th>PROPERTY MANAGEMENT</th>
<th>VILLAGE SERVICES</th>
<th>COMPLETED DEVELOPMENT</th>
<th>CAPITAL FUNDS</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 311,169</td>
<td>$ 134,877</td>
<td>$ 86,584</td>
<td>$ 83,532</td>
<td>$ 103,802</td>
<td>$ 720,895</td>
<td>$ 28,807</td>
<td>$ 35,778</td>
<td>$ 40,643</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 16,674</td>
</tr>
<tr>
<td>CURRENT OPERATING PROGRAMS</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 426,123</td>
</tr>
<tr>
<td>RENTAL PROPERTY MANAGEMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 84,267</td>
</tr>
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<td>PROPERTY MANAGEMENT</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 65,735</td>
</tr>
<tr>
<td>VILLAGE SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 59,700</td>
</tr>
<tr>
<td>COMPLETED DEVELOPMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 1,035,925</td>
</tr>
<tr>
<td>CAPITAL FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 73,389</td>
</tr>
<tr>
<td>ELIMINATIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 62,757</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 47,297</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES:

#### Personnel:
- **Salaries:** $311,169
- **Consultations and stipends:** $25,147
- **Fringe benefits:** $34,995
- **Payroll taxes:** $25,102

**Total personnel:** $377,504

#### Occupancy:
- **Repairs and maintenance:** $2,208
- **Rent:** $38,062
- **Utilities:** $4,003
- **Insurance:** $5,227
- **Security:** $266

**Total occupancy:** $50,666

#### Other:
- **Interest expense:** $9,031
- **Professional fees:** $21,730
- **Program development and community activities:** $10,004
- **Depreciation and amortization:** $24,043
- **Office expenses:** $50,758
- **Miscellaneous:** $12,051
- **Meetings, conferences and travel:** $21,448
- **Real estate and other taxes:** $2,219
- **Telephone:** $2,219
- **Bad debts:** $2,219
- **Tenant services:** $2,219
- **Management fees:** $2,219

**Total other:** $168,477

#### Total operating expenses before:
- **Real Estate Development and Support allocation:** $616,647
- **Real Estate Development and Support allocation:** $(497,653)

### Notes:
- The accompanying notes are an integral part of these consolidated statements.

- **8**
## NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

### CONSOLIDATING STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

### OPERATING PROGRAMS

<table>
<thead>
<tr>
<th>REAL ESTATE DEVELOPMENT AND SUPPORT</th>
<th>ASSET MANAGE-</th>
<th>ECONOMIC DEVELOP-</th>
<th>HOME - OWNER SERVICES</th>
<th>RESIDENT SERVICES</th>
<th>TOTAL OPERATING PROGRAMS</th>
<th>CURRENT DEVELOP-</th>
<th>RENTAL PROPERTY MANAGE-</th>
<th>PROPERTY MANAGE-</th>
<th>COMPLETED DEVELOP-</th>
<th>CAPITAL FUNDS</th>
<th>ELIMINATIONS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 337,292</td>
<td>$ 133,689</td>
<td>$ 119,586</td>
<td>$ 51,702</td>
<td>$ 122,768</td>
<td>$ 764,957</td>
<td>$ -</td>
</tr>
<tr>
<td>Salaries</td>
<td>$ 41,130</td>
<td>1,125</td>
<td>850</td>
<td>4,333</td>
<td>18,678</td>
<td>66,216</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consultants and stipends</td>
<td>21,355</td>
<td>12,206</td>
<td>7,294</td>
<td>6,441</td>
<td>17,036</td>
<td>64,205</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>24,309</td>
<td>10,320</td>
<td>8,947</td>
<td>3,771</td>
<td>9,171</td>
<td>57,018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total personnel</td>
<td>424,584</td>
<td>157,340</td>
<td>136,597</td>
<td>66,420</td>
<td>167,653</td>
<td>952,594</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Occupancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>2,793</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,793</td>
<td>229</td>
<td>61,670</td>
<td>-</td>
<td>-</td>
<td>64,692</td>
<td>-</td>
</tr>
<tr>
<td>Rent</td>
<td>15,141</td>
<td>-</td>
<td>-</td>
<td>6,516</td>
<td>-</td>
<td>21,657</td>
<td>-</td>
<td>8,410</td>
<td>-</td>
<td>-</td>
<td>30,067</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>4,058</td>
<td>-</td>
<td>-</td>
<td>1,339</td>
<td>-</td>
<td>5,397</td>
<td>657</td>
<td>37,140</td>
<td>-</td>
<td>-</td>
<td>43,194</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,253</td>
<td>-</td>
<td>824</td>
<td>-</td>
<td>8,077</td>
<td>12,373</td>
<td>1,152</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,578</td>
<td>-</td>
</tr>
<tr>
<td>Security</td>
<td>943</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>943</td>
<td>-</td>
<td>1,659</td>
<td>-</td>
<td>-</td>
<td>2,582</td>
<td>-</td>
</tr>
<tr>
<td>Total occupancy</td>
<td>30,188</td>
<td>-</td>
<td>824</td>
<td>7,855</td>
<td>38,867</td>
<td>104,183</td>
<td>23,201</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>168,113</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>41</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41</td>
<td>8,556</td>
<td>78,073</td>
<td>7,186</td>
<td>-</td>
<td>-</td>
<td>93,656</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees</td>
<td>20,421</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,421</td>
<td>5,204</td>
<td>12,073</td>
<td>32,109</td>
<td>2,800</td>
<td>-</td>
<td>72,907</td>
<td>-</td>
</tr>
<tr>
<td>Program development and community activities</td>
<td>6,577</td>
<td>179</td>
<td>16,002</td>
<td>7,909</td>
<td>34,375</td>
<td>65,042</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>65,042</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>23,337</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,337</td>
<td>47,180</td>
<td>-</td>
<td>1,885</td>
<td>-</td>
<td>-</td>
<td>71,593</td>
<td>-</td>
</tr>
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<td>Office expense</td>
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<td>1,233</td>
<td>1,772</td>
<td>680</td>
<td>49,766</td>
<td>-</td>
<td>1,136</td>
<td>-</td>
<td>-</td>
<td>44,994</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
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<td>-</td>
<td>11,089</td>
<td>2,291</td>
<td>3,010</td>
<td>-</td>
<td>680</td>
<td>-</td>
<td>-</td>
<td>17,070</td>
<td>-</td>
</tr>
<tr>
<td>Meetings, conferences and travel</td>
<td>7,725</td>
<td>-</td>
<td>207</td>
<td>54</td>
<td>7,992</td>
<td>18,807</td>
<td>-</td>
<td>3,942</td>
<td>-</td>
<td>-</td>
<td>12,248</td>
<td>-</td>
</tr>
<tr>
<td>Real estate and other taxes</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>16,914</td>
<td>391</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,905</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tenant services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,042</td>
<td>-</td>
</tr>
<tr>
<td>Total other</td>
<td>123,011</td>
<td>263</td>
<td>17,532</td>
<td>9,687</td>
<td>35,109</td>
<td>185,602</td>
<td>19,352</td>
<td>190,378</td>
<td>175,636</td>
<td>15,423</td>
<td>7,186</td>
<td>(163,303)</td>
</tr>
<tr>
<td>Total operating expenses before Real Estate Development and Support allocation</td>
<td>577,783</td>
<td>157,603</td>
<td>154,953</td>
<td>76,107</td>
<td>210,617</td>
<td>1,177,063</td>
<td>21,214</td>
<td>340,279</td>
<td>234,560</td>
<td>15,473</td>
<td>7,186</td>
<td>(163,303)</td>
</tr>
<tr>
<td>Real Estate Development and Support allocation</td>
<td>(479,675)</td>
<td>76,878</td>
<td>68,722</td>
<td>29,731</td>
<td>70,597</td>
<td>(233,747)</td>
<td>233,747</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less - amounts capitalized</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(179,359)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(179,359)</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 98,108</td>
<td>$ 234,483</td>
<td>$ 223,675</td>
<td>$ 105,838</td>
<td>$ 281,214</td>
<td>$ 943,316</td>
<td>$ 75,602</td>
<td>$ 340,279</td>
<td>$ 234,960</td>
<td>$ 15,473</td>
<td>$ 7,186</td>
<td>(163,303)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidating statements.
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Nuestra Comunidad Development Corporation (Nuestra) is a nonprofit organization which was formed to provide services, activities and development relating to housing needs and business enterprises in the Roxbury neighborhood of Boston, Massachusetts.

Nuestra is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Contributions made to Nuestra are deductible within the requirements of the Internal Revenue Code.

SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidating financial statements include the net assets of Nuestra Comunidad Development Corporation and its wholly-owned and majority-owned subsidiaries, and its affiliates, Four Forest Street Corporation and Swifty’s Auto Mall, Inc. (see Note 3).

All significant balances between classes of net assets, intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements.

Property and Equipment and Depreciation

Depreciation is provided using the straight-line method over the following estimated useful lives:

- Buildings and improvements: 5 - 40 years
- Furniture and equipment: 3 - 7 years

Property and equipment are recorded at cost, if purchased, or at fair market value at the time of the donation.

Depreciation expense for the years ended December 31, 2000 and 1999, was $69,742 and $60,320, respectively.

Financing Fees and Amortization

Financing fees are amortized over the life of the related debt which ranges from five to twenty years. Amortization of these assets was $138 and $11,273 for 2000 and 1999, respectively.
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenues from service contracts, program revenues, rental fees, and development fees are recorded as services are provided and costs are incurred. Unrestricted grants and donations are recorded as unrestricted revenues and net assets when received or pledged. Revenues from donor restricted grants and pledges are recorded as temporarily restricted revenue and net assets when received or pledged. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidating statements of revenues and expenses as net assets released from restrictions as costs are incurred or time restrictions have lapsed or program restrictions have been met. Donor restricted contributions received and satisfied in the same period are included in unrestricted net assets. Included in accounts receivable at December 31, 2000 and 1999, is $207,289 and $103,404, respectively, of pledges receivable. These pledges are due within one year.

Temporarily restricted net assets at December 31, 2000 and 1999, consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Development</td>
<td>$ 20,000</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>Recycling</td>
<td></td>
<td>85,000</td>
</tr>
<tr>
<td>Total program and purpose restrictions</td>
<td>$20,000</td>
<td>$105,000</td>
</tr>
</tbody>
</table>

Time restrictions:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Operating</td>
<td>152,567</td>
<td>100,086</td>
</tr>
<tr>
<td>Economic Development</td>
<td>67,083</td>
<td>58,333</td>
</tr>
<tr>
<td>Home Ownership</td>
<td>234,325</td>
<td>50,000</td>
</tr>
<tr>
<td>Housing Development</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Community Organizing</td>
<td>60,579</td>
<td>25,000</td>
</tr>
<tr>
<td>Total time restrictions</td>
<td>544,454</td>
<td>233,419</td>
</tr>
<tr>
<td>Total</td>
<td>$564,454</td>
<td>$238,419</td>
</tr>
</tbody>
</table>

Net assets released from restrictions for 2000 and 1999 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction of time restrictions</td>
<td>$233,407</td>
<td>$211,771</td>
</tr>
<tr>
<td>Satisfaction of program and purpose restrictions</td>
<td>85,000</td>
<td>275,896</td>
</tr>
<tr>
<td>Total net assets released from restrictions</td>
<td>$318,407</td>
<td>$487,667</td>
</tr>
</tbody>
</table>
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation Method
Expenses related directly to a function are distributed to that function, while other expenses are
allocated based upon management’s estimate of the percentage attributable to each function.

Donated Services
Nuestra is the recipient of donated legal services. The valuation of these services is not readily
ascertainable or subject to precise measurement. Therefore, it has not been reflected in the
accompanying consolidating financial statements.

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

Income Taxes
As discussed on page 10, Nuestra is exempt from income taxes under Section 501(c)(3) of the
Internal Revenue Code. Nuestra has for profit corporate subsidiaries (see Note 3). At
December 31, 2000, the corporate subsidiaries of Nuestra had, for Federal income tax purposes,
et net operating loss carryforwards of approximately $107,000 available to offset future taxable
income. These carryforwards expire at various dates through 2015.

Nuestra’s for profit subsidiaries (the Subsidiaries) account for income taxes in accordance with
Statement of Financial Accounting Standards No. 109 “Accounting for Income Taxes” (SFAS
109). SFAS 109 does not have a material effect on the consolidating financial statements for the
years ended December 31, 2000 and 1999, since the tax benefit of the net operating loss
carryforwards have been fully reserved.
(2) **RESTRICTED CASH**

Restricted cash consists of the following at December 31, 2000 and 1999:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Concha Corporation - net worth account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(see below and Note 8)</td>
<td>$183,383</td>
<td>$183,383</td>
</tr>
<tr>
<td>Replacement reserves</td>
<td>36,222</td>
<td>22,889</td>
</tr>
<tr>
<td>Construction reserve</td>
<td>9,617</td>
<td>206,464</td>
</tr>
<tr>
<td>Grant received and restricted for future program expenditures</td>
<td>-</td>
<td>85,000</td>
</tr>
<tr>
<td>Operating reserve</td>
<td>-</td>
<td>19,582</td>
</tr>
</tbody>
</table>

$229,222 $517,318

In accordance with the provisions of La Concha Limited Partnership's agreement, La Concha Corporation is required to maintain a net worth account. This net worth account was funded by Nuestra with development fees received upon receipt of syndication proceeds by the Limited Partnership. This account may only be used if the Partnership requires essential cash flow and if no other funds are available. Upon dissolution of the Partnership, any remaining funds revert to Nuestra.

Replacement and operating reserves consist of funds required to be escrowed under the terms of certain mortgage agreements. The replacement and construction reserves are restricted for capital improvements and replacements to the property. The operating reserve is restricted to cover operating deficits. Approval is required of the mortgagor to withdraw funds from these accounts.

(3) **NET ASSETS AND RELATED PARTY TRANSACTIONS**

Nuestra's consolidating financial statements include the following net asset classifications and entities:

**Operating**

The Operating net assets consists of the undesignated net assets of Nuestra relating to program development, social services and other operating activities that it is engaged in. The Operating net assets also consists of the net book value of Nuestra's property and equipment, net of related liabilities.

**Investment**

The Investment net assets consists of net assets of Nuestra that have been designated for the investments and advances relating to its subsidiaries and affiliates. The entities' equity at December 31, 2000 and 1999, in the accompanying consolidating statements of financial position, includes a Development Reserve and an Operating Reserve of $275,000 and $184,536, respectively. These reserves are designated by the Board of Directors. Any project that has been approved by the Board of Directors' Development Committee may borrow $50,000 from the Development Reserve. Any advance from the Operating Reserve must be approved by the Board of Directors. Any funds advanced are expected to be repaid to the reserves.
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

(3) NET ASSETS AND RELATED PARTY TRANSACTIONS (Continued)

Current Development

The Current Development net assets consist of projects that are in the predevelopment or development stage. The Current Development net assets consist of the following projects and entities:

Roxbury Triangle, Inc., (a Massachusetts for profit corporation, wholly-owned by Nuestra) acquires and renovates one to four family residences that it sells to eligible low and moderate income families. The Corporation also acquired a residential building that it leases to income eligible individuals (see below). The Corporation also holds title to land in Roxbury.

Waverly Homes, Inc., (a Massachusetts for profit corporation, wholly-owned by Nuestra) constructs and sells one to four family residences to low and moderate income families.

Swifty’s Auto Mall, Inc., (a Massachusetts nonprofit corporation affiliated with Nuestra through common Board of Director membership) acquired property that it has developed into 4 units of commercial rental property. This property began to be leased to tenants during 2001.

Nuestra’s developments in process are also included in the Current Development net assets. These amounts reflect advances made and costs incurred during the development period of projects that Nuestra sponsors.

The entities' equity (deficit) in the Current Development net assets in the accompanying consolidating financial statements consists of the following at December 31, 2000 and 1999:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
<td>$236,014</td>
<td>$ 61,364</td>
</tr>
<tr>
<td>Common stock</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>95,911</td>
<td>95,911</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(69,793)</td>
<td>(113,585)</td>
</tr>
<tr>
<td></td>
<td>$262,351</td>
<td>$ 43,887</td>
</tr>
</tbody>
</table>

Rental Property

The Rental Property net assets consist of corporations that operate rental properties as follows:

Four Forest Street Corporation (Forest Street), (a Massachusetts not for profit corporation, affiliated with Nuestra through common Board of Director membership) operates six family units of subsidized residential housing.

Roxbury Triangle, Inc. operates nine units of subsidized residential housing (see above).

Vila Nova Apartments, Inc. (Vila Nova), (a Massachusetts for profit corporation, wholly-owned by Nuestra) operates rental property consisting of three commercial units and 16 subsidized residential units.
(3) **NET ASSETS AND RELATED PARTY TRANSACTIONS** (Continued)

**Rental Property** (Continued)

The entities' equity (deficit) in the Rental Property net assets in the accompanying consolidating financial statements consists of the following at December 31, 2000 and 1999:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
<td>$(135,822)</td>
<td>$(115,530)</td>
</tr>
<tr>
<td>Common stock</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>50,728</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(88,394)</td>
<td>(69,689)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$(173,288)</td>
<td>$(174,919)</td>
</tr>
</tbody>
</table>

**Property Management**

The Property Management net assets consists of Nuestra Properties Corporation (Nuestra Properties) (a Massachusetts for profit corporation, wholly-owned by Nuestra) which manages housing and related facilities for the benefit of low and moderate income persons and families.

The entities' equity (deficit) in the Property Management net assets in the accompanying consolidating financial statements consists of the following at December 31, 2000 and 1999:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Common stock</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>13,948</td>
<td>13,948</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(63,788)</td>
<td>(63,981)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$(49,740)</td>
<td>$(49,933)</td>
</tr>
</tbody>
</table>

**Village Puskhearts**

Village Puskhearts, Inc. (a Massachusetts nonprofit corporation affiliated with Nuestra through common Board of Director membership) owns and rents 10 mobile vending units to local area residents.
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

(Continued)

(3) NET ASSETS AND RELATED PARTY TRANSACTIONS (Continued)

Completed Development

The Completed Development net assets consist of the general partners of projects that have been completed and placed in operation. The Completed Development net assets consist of the following:

La Concha Corporation (La Concha Corp.), (a Massachusetts for profit corporation, wholly-owned by Nuestra) is the general partner (1% ownership interest) of La Concha Limited Partnership which operates ninety-seven units of subsidized residential housing.

Bohio Development Corporation (Bohio Corp.), (a Massachusetts for profit corporation, 60% owned by Nuestra) is the general partner (1% ownership interest) of Bohio Limited Partnership which operates rental property consisting of five commercial units and twenty-six subsidized residential units.

Nuestra SRO Corporation, (a Massachusetts for profit corporation, wholly owned by Nuestra) is the general partner (1% ownership interest) of Daly House Limited Partnership, which operates nineteen units of subsidized residential housing.

Stafford Heights, Inc., (a Massachusetts for profit corporation, 75% owned by Nuestra) is the managing general partner (0.99% ownership interest) of Stafford Heights Limited Partnership, which operates forty-one units of cooperative housing for low and moderate income families.

Stafford Heights Cooperative Corporation, (a Massachusetts for profit corporation, wholly owned by Nuestra) is the cooperative general partner (0.01% ownership interest) of Stafford Heights Limited Partnership, which operates forty-one units of cooperative housing for low and moderate income families.

Infill 2 Corporation, (a Massachusetts for profit corporation, majority owned by Nuestra) is the general partner (1% ownership interest) of Infill 2 Limited Partnership, which operates thirteen units of low-income residential housing.

Sargent Prince, Inc., (a Massachusetts for profit corporation, majority owned by Nuestra) is the general partner (1% ownership interest) of Sargent Prince Limited Partnership, which operates thirty residential units, as well as commercial rental units.

Nuestra Palladio, Inc., (a Massachusetts for profit corporation, majority owned by Nuestra) is the general partner (0.01% ownership interest) of Nuestra Palladio Limited Partnership, which leases commercial rental units.

Howard Dacia, Inc., (a Massachusetts for profit corporation, wholly owned by Nuestra) is the general partner (1% ownership interest) of Howard Dacia Limited Partnership which has acquired property that it plans to develop into 26 units of housing for low and moderate income families.
(3) NET ASSETS AND RELATED PARTY TRANSACTIONS (Continued)

Completed Development (Continued)

The entities' equity (deficit) in the Completed Development net assets in the accompanying consolidating financial statements consists of the following at December 31, 2000 and 1999:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$ 750</td>
<td>$ 750</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>333,875</td>
<td>333,875</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(86,457)</td>
<td>(82,433)</td>
</tr>
<tr>
<td></td>
<td>$248,168</td>
<td>$252,192</td>
</tr>
</tbody>
</table>

Capital Funds and Permanently Restricted Net Assets

The capital funds net assets consist of the activities relating to capital grant funds from Neighborhood Reinvestment Corporation (NRC) to be used in the establishment and maintenance of a revolving loan and capital projects fund (the Fund). NRC has stipulated that the Fund can only be used to make loans to qualifying individuals for affordable housing and to fund acquisition, construction, pre-development and rehabilitation costs. NRC has also indicated that repayment of loans made from the Fund and proceeds from the sale of related properties be returned to the Fund to ensure that the $810,801 is maintained. Proceeds from the sale of properties in excess of the funds necessary to maintain the $810,801 may be used for general operating purposes.

Also, interest earned on these funds can be used for general operating purposes. At December 31, 2000 and 1999, $810,801 and $420,801, respectively, is included in permanently restricted net assets. These amounts are comprised of the following lines in the capital funds column of the accompanying 2000 and 1999 consolidating statements of financial position:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$253,880</td>
<td>$ 13,470</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>239,596</td>
<td>61,530</td>
</tr>
<tr>
<td>Due from other net assets</td>
<td>4,125</td>
<td>4,125</td>
</tr>
<tr>
<td>Due from consolidated entities</td>
<td>50,000</td>
<td>178,476</td>
</tr>
<tr>
<td>Due from affiliates</td>
<td>263,200</td>
<td>163,200</td>
</tr>
<tr>
<td></td>
<td>$531,801</td>
<td>$420,801</td>
</tr>
</tbody>
</table>

During 2000, Nuestra formed an affiliated organization, Nuestra Development Fund, Inc., to own and manage the loan portfolio. Nuestra transferred the loan portfolio to Nuestra Development Fund, Inc. during 2001. Nuestra Development Fund, Inc. is a Massachusetts nonprofit corporation and is affiliated with Nuestra through common Board of Directors membership.
(3) **NET ASSETS AND RELATED PARTY TRANSACTIONS** (Continued)

Transactions among these entities were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current Development</th>
<th>Rental Property</th>
<th>Economic Development</th>
<th>Completed Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured advances</td>
<td>$ 574</td>
<td>$ -</td>
<td>$ -</td>
<td>$4,772</td>
</tr>
<tr>
<td>Services provided to residents</td>
<td>$ -</td>
<td>$ 6,448</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Services and costs provided relating to Project Development Management and administrative services provided</td>
<td>$178,805</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>1999</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured advances</td>
<td>$ 3,864</td>
<td>$ -</td>
<td>$ -</td>
<td>$5,628</td>
</tr>
<tr>
<td>Services provided to residents</td>
<td>$ -</td>
<td>$10,042</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Services and costs provided relating to Project Development Management and administrative services provided</td>
<td>$201,454</td>
<td>$ -</td>
<td>$ -</td>
<td>$201,358</td>
</tr>
<tr>
<td>Property Management and Completed Development Nuestra Palladio</td>
<td>$ -</td>
<td>$13,161</td>
<td>$131,240</td>
<td>$8,051</td>
</tr>
</tbody>
</table>

Nuestra advanced funds to Nuestra Properties during 1992 to be used towards property management services. During 1993, Nuestra Properties and Nuestra agreed that unspent funds ($105,502) would be classified as a contingent loan made by Nuestra. This loan is not payable to Nuestra unless Nuestra Properties violates the conditions in the loan agreement. These conditions stipulate that Nuestra Properties must provide property management services, as defined, to Nuestra’s low-income rental properties. During 2000 and 1999, Nuestra forgave $17,051 and $37,235, respectively, of the outstanding balance (see page 26).

Nuestra Properties provided property management services to the consolidating entities and billed the following amounts:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Street</td>
<td>$4,017</td>
<td>$3,903</td>
</tr>
<tr>
<td>Vila Nova</td>
<td>13,943</td>
<td>9,358</td>
</tr>
<tr>
<td>Roxbury Triangle, Inc.</td>
<td>$5,238</td>
<td>$5,203</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$23,198</strong></td>
<td><strong>$18,564</strong></td>
</tr>
</tbody>
</table>
(3) **NET ASSETS AND RELATED PARTY TRANSACTIONS** (Continued)

Current amounts due from these entities at December 31, 2000 and 1999, are as follows:

<table>
<thead>
<tr>
<th>Entity</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waverly Homes, Inc.</td>
<td>$40,000</td>
<td>$-</td>
</tr>
<tr>
<td>Roxbury Triangle, Inc.</td>
<td>39,068</td>
<td>39,212</td>
</tr>
<tr>
<td>Nuestra Properties</td>
<td>214,490</td>
<td>137,138</td>
</tr>
<tr>
<td>La Concha Corporation</td>
<td>42,797</td>
<td>34,858</td>
</tr>
<tr>
<td>Vila Nova</td>
<td>3,480</td>
<td>40,087</td>
</tr>
<tr>
<td>Four Forest Street Corporation</td>
<td>-</td>
<td>3,906</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$339,835</strong></td>
<td><strong>$255,201</strong></td>
</tr>
</tbody>
</table>

Long-term amounts due from these entities at December 31, 2000 and 1999, are as follows:

<table>
<thead>
<tr>
<th>Entity</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiftly's Auto Mall, Inc.</td>
<td>$306,268</td>
<td>$147,120</td>
</tr>
<tr>
<td>Bohio Development Corporation</td>
<td>8,149</td>
<td>7,258</td>
</tr>
<tr>
<td>Four Forest Street Corporation</td>
<td>6,378</td>
<td>6,751</td>
</tr>
<tr>
<td>Nuestra Properties</td>
<td>45,072</td>
<td></td>
</tr>
<tr>
<td>Infill 2 Corporation</td>
<td>5,413</td>
<td>4,532</td>
</tr>
<tr>
<td>Stafford Heights, Inc.</td>
<td>4,618</td>
<td>3,727</td>
</tr>
<tr>
<td>Nuestra SRO Corporation</td>
<td>7,283</td>
<td>6,392</td>
</tr>
<tr>
<td>Sargent Prince, Inc.</td>
<td>3,740</td>
<td>2,849</td>
</tr>
<tr>
<td>Roxbury Triangle, Inc.</td>
<td>9,840</td>
<td>325,027</td>
</tr>
<tr>
<td>Nuestra Palladio, Inc.</td>
<td>2,923</td>
<td>1,682</td>
</tr>
<tr>
<td>Stafford Heights Cooperative Corporation</td>
<td>3,214</td>
<td>2,323</td>
</tr>
<tr>
<td><strong>Less - allowance for doubtful accounts</strong></td>
<td><strong>402,898</strong></td>
<td><strong>507,651</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$85,858</strong></td>
<td><strong>$178,476</strong></td>
</tr>
</tbody>
</table>

The above amounts are classified as long-term since, currently, there are no repayment terms, and repayment is not expected to occur during 2001.

(3) **NET ASSETS AND RELATED PARTY TRANSACTIONS** (Continued)

Unconsolidated Entities

Nuestra's consolidating financial statements include transactions with the following affiliates:

- **La Concha Limited Partnership** (LCLP), (a Massachusetts limited partnership)
- **Bohio Limited Partnership** (Bohio LP), (a Massachusetts limited partnership)
- **Daly House Limited Partnership** (Daly House), (a Massachusetts limited partnership)
- **Stafford Heights Limited Partnership** (Stafford Heights), (a Massachusetts limited partnership)
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

(3) Net Assets and Related Party Transactions (Continued)

Unconsolidated Entities (Continued)

Infill 2 Limited Partnership (Infill 2), (a Massachusetts limited partnership)

Sargent Prince Limited Partnership (Sargent Prince), (a Massachusetts limited partnership)

Nuestra Palladio Limited Partnership (Nuestra Palladio), (a Massachusetts limited partnership)

La Cocina, LLC (La Cocina), (a Massachusetts limited liability corporation)

Howard Dacia Limited Partnership (Howard Dacia), (a Massachusetts limited partnership)

Current amounts due from these affiliates at December 31, 2000 and 1999, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Howard Dacia Limited Partnership</td>
<td>$216,875</td>
<td>$</td>
</tr>
<tr>
<td>Nuestra Palladio Limited Partnership</td>
<td>90,613</td>
<td>169,000</td>
</tr>
<tr>
<td>La Concha Limited Partnership</td>
<td>33,787</td>
<td>143,492</td>
</tr>
<tr>
<td>Sargent Prince Limited Partnership</td>
<td>32,162</td>
<td>42,835</td>
</tr>
<tr>
<td>Stafford Heights Limited Partnership</td>
<td>47,227</td>
<td>52,614</td>
</tr>
<tr>
<td>Bohio Limited Partnership</td>
<td>38,575</td>
<td>40,749</td>
</tr>
<tr>
<td>La Cocina, LLC</td>
<td>35,501</td>
<td></td>
</tr>
<tr>
<td>Infill 2 Limited Partnership</td>
<td>6,623</td>
<td>5,622</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$501,363</strong></td>
<td><strong>$454,512</strong></td>
</tr>
</tbody>
</table>

Long-term amounts due from these affiliates at December 31, 2000 and 1999, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuestra Palladio Limited Partnership</td>
<td>$259,814</td>
<td>$263,200</td>
</tr>
<tr>
<td>Bohio Limited Partnership</td>
<td>257,685</td>
<td>256,856</td>
</tr>
<tr>
<td>La Cocina, LLC</td>
<td>100,000</td>
<td>-</td>
</tr>
<tr>
<td>Howard Dacia Limited Partnership</td>
<td>70,637</td>
<td>-</td>
</tr>
<tr>
<td>Daly House Limited Partnership</td>
<td>33,327</td>
<td>24,335</td>
</tr>
<tr>
<td>Less – allowance for doubtful accounts</td>
<td>721,463</td>
<td>544,392</td>
</tr>
<tr>
<td></td>
<td>257,685</td>
<td>256,856</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$463,778</strong></td>
<td><strong>$287,536</strong></td>
</tr>
</tbody>
</table>

The above amounts are classified as long-term since, currently, there are no repayment terms, and repayment is not expected to occur during 2001.

The $259,814 due from Nuestra Palladio Limited Partnership is expected to be repaid from future refinancing of the Partnership’s property.
During 2000 and 1999, Nuestra billed LCLP approximately $29,500 and $26,000, respectively, for tenant services. In addition to these fees, Nuestra earned development fees from LCLP for services it provided during the development of the project (see Note 6). Nuestra is also entitled to receive a portion of the accrued interest on this developer fee if LCLP achieves positive cash flow. At December 31, 1999, approximately $51,000 of this interest was due to Nuestra and is included in interest income in the accompanying 1999 consolidated financial statements. During 2000, LCLP made an interest payment of $51,619 and a principal payment of $61,720 on this note.

Nuestra also billed Bohio LP approximately $10,000 for tenant services during 2000 and 1999.

Due from Bohio Limited Partnership includes a note receivable of $10,000 plus accrued interest of $10,000. Bohio LP does not have the funds available to repay these amounts and, therefore, these amounts have been fully reserved in the accompanying consolidating financial statements.

During 2000 and 1999, Nuestra earned incentive management fees of approximately $8,800 from Stafford Heights for partnership management services provided.

The Executive Director of Nuestra serves as a board member on various organizations that Nuestra and its affiliates have business relationships with.

Nuestra Properties provides property management services and staff to the unconsolidated entities and billed the following amounts:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCLP</td>
<td>$225,200</td>
<td>$172,400</td>
</tr>
<tr>
<td>Bohio LP</td>
<td>50,900</td>
<td>59,700</td>
</tr>
<tr>
<td>Stafford Heights</td>
<td>68,200</td>
<td>85,200</td>
</tr>
<tr>
<td>Sargent Prince</td>
<td>71,600</td>
<td>80,700</td>
</tr>
<tr>
<td>Daily House</td>
<td>25,000</td>
<td>22,500</td>
</tr>
<tr>
<td>Infill 2</td>
<td>26,200</td>
<td>26,100</td>
</tr>
<tr>
<td>Nuestra Palladio</td>
<td>32,500</td>
<td>6,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$499,600</td>
<td>$456,200</td>
</tr>
</tbody>
</table>
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

(3) NET ASSETS AND RELATED PARTY TRANSACTIONS (Continued)

Investments in Subsidiaries and Affiliates

Investments in Subsidiaries and Affiliates are recorded at cost and consist of the following at December 31, 2000 and 1999:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Cocina, LLC</td>
<td>$221,358</td>
<td>$ -</td>
</tr>
<tr>
<td>La Concha Corporation</td>
<td>183,382</td>
<td>183,382</td>
</tr>
<tr>
<td>Sargent Prime, Inc.</td>
<td>89,100</td>
<td>89,100</td>
</tr>
<tr>
<td>Sargent Prime Limited Partnership</td>
<td>89,100</td>
<td>89,100</td>
</tr>
<tr>
<td>Roxbury Triangle, Inc.</td>
<td>96,010</td>
<td>96,010</td>
</tr>
<tr>
<td>Nuestra SKO Corporation</td>
<td>24,684</td>
<td>24,684</td>
</tr>
<tr>
<td>Daily House Limited Partnership</td>
<td>24,584</td>
<td>24,584</td>
</tr>
<tr>
<td>Nuestra Properties Corporation</td>
<td>14,048</td>
<td>14,048</td>
</tr>
<tr>
<td>Bobos Development Corporation</td>
<td>13,343</td>
<td>13,343</td>
</tr>
<tr>
<td>Infill 2 Limited Partnership</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Infill 2 Corporation</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Stafford Heights Cooperative Corporation</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Stafford Heights, Inc.</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Nuestra Burston Corporation</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Dudley Enterprises, Inc.</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Stafford Heights Limited Partnership</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Waverly Homes, Inc.</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Less - reserve on investment in Roxbury Triangle, Inc.</td>
<td>770,199</td>
<td>548,831</td>
</tr>
<tr>
<td></td>
<td>95,910</td>
<td>95,910</td>
</tr>
</tbody>
</table>

$674,279 $452,921

The reserve on investment represents a permanent decline in the value of Nuestra's investment in Roxbury Triangle, Inc.

(4) PROJECTS UNDER DEVELOPMENT

All costs related to projects under development have been capitalized. These costs include the acquisition price, real estate taxes, interest, development costs, capital salaries, architect fees, and other costs incurred before the project has been given an occupancy certificate.

Nuestra operates a one to four family development program (see Note 3). Under this program, Nuestra acquires, renovates and constructs one to four family residences that are sold to eligible families. Nuestra records the loss on the sale of the residences, if any, in the period that the loss is anticipated.
(5) ** LOANS RECEIVABLE **

Nuestra has entered into agreements with twenty-two individuals for home ownership and rehabilitation loans. Principal amounts on these loans range from $1,000 to $65,000 over five to twenty years. Interest rates on these loans range from 6%-8%. Monthly payments of principal and interest are due in amounts between $79 to $299. Nuestra has funded these loans through grants received and through the line of credit with a bank—revolving loan (see Note 10). Each loan is secured by a mortgage on the property. Loans funded through the line of credit are guaranteed by Nuestra, as Nuestra is responsible for paying back the funds to the bank should one of the borrowers default.

The future cash payments of the loans receivable over the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>10,224</td>
</tr>
<tr>
<td>2002</td>
<td>10,956</td>
</tr>
<tr>
<td>2003</td>
<td>11,741</td>
</tr>
<tr>
<td>2004</td>
<td>8,695</td>
</tr>
<tr>
<td>2005 and thereafter</td>
<td>391,973</td>
</tr>
</tbody>
</table>

(6) ** LONG-TERM DEBT AND CONTINGENT DEBT **

Long-term debt consists of:

<table>
<thead>
<tr>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Development:</strong></td>
<td></td>
</tr>
<tr>
<td>Roxbury Triangle, Inc.</td>
<td></td>
</tr>
<tr>
<td>$23,711</td>
<td>$-</td>
</tr>
</tbody>
</table>

4.87% note payable to a nonprofit corporation, due upon completion and sale of the project. This note is secured by the project.

7% note payable to a nonprofit corporation, due in monthly principal and interest installments of $931, through April 30, 2009, or upon the sale of certain property. This note is secured by a first mortgage on the property of the project and by a first security interest in all equipment, fixtures and improvements used in connection with the property. This note is guaranteed by Nuestra. This note was paid off during 2000.

| 139,203 |

Swifty's Auto Mall, Inc.

Non-interest bearing note payable to a municipality, due in February, 2005, secured by a mortgage on the property of the project.

| 375,000 |

Total current development

| 398,711 | 139,203 |
### NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES
#### NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
#### DECEMBER 31, 2000 AND 1999
#### (Continued)

<table>
<thead>
<tr>
<th>(6) LONG-TERM DEBT AND CONTINGENT DEBT</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Property:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Villa Nova Apartments, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.51% note payable to a nonprofit corporation, due in monthly principal and interest installments of $3,224, through October, 2019. This note is secured by a first mortgage on the property of the project and by an assignment of leases and rents and is guaranteed by Nuestra.</td>
<td>394,756</td>
<td>400,000</td>
</tr>
<tr>
<td>Four Forest Street Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note payable to a nonprofit corporation, due in monthly installments of principal and interest of $1,055, bearing interest at an annual rate of 6%, through August 31, 2009. This note is secured by a first mortgage on the property of the project and by a first security interest in all equipment, fixtures, and improvements used in connection with the property. This note is also secured by an assignment of all rents and leases of the project and is guaranteed by Nuestra. This note was refinanced during 2000.</td>
<td>84,586</td>
<td>90,268</td>
</tr>
<tr>
<td>Roxbury Triangle, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.34% note payable to a nonprofit corporation, due in monthly installments of principal and interest of $2,113, through February, 2018. This note is secured by a first mortgage on the property of the project and assignment of leases and rents and is guaranteed by Nuestra.</td>
<td>277,227</td>
<td>282,040</td>
</tr>
<tr>
<td>Total rental property</td>
<td>756,569</td>
<td>772,308</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>1,155,280</td>
<td>911,511</td>
</tr>
<tr>
<td>Less - current portion</td>
<td>18,199</td>
<td>239,580</td>
</tr>
<tr>
<td></td>
<td>$1,137,081</td>
<td>$671,931</td>
</tr>
</tbody>
</table>

Maturities of long-term debt over the next five years are as follows:
- 2001: $18,199
- 2002: $12,267
- 2003: $13,273
- 2004: $24,221
- 2005: $26,919
**LONG-TERM DEBT AND CONTINGENT DEBT**

Contingent debt consists of:

<table>
<thead>
<tr>
<th>Investment:</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuestra</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1% note payable to a municipality, due in full upon completion of the project. This note is secured by property.</td>
<td>$12,942</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Current Development:

<table>
<thead>
<tr>
<th>Nuestra</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5% note payable to a nonprofit corporation, due in full upon securing permanent financing or upon completion and sale of the project, unsecured. The proceeds from this note are to be used to fund pre-development costs for the project.</td>
<td>16,245</td>
<td>-</td>
</tr>
<tr>
<td>Non-interest bearing note payable to a nonprofit corporation, due in full upon the earlier the close of construction financing or August, 2001, unsecured.</td>
<td>29,000</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Waverly Homes Project</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent note payable to a nonprofit corporation for pre-development costs, unsecured.</td>
<td>52,500</td>
<td>52,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Swift's Auto Mall, Inc.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent note payable to a nonprofit corporation for pre-development costs, unsecured.</td>
<td>-</td>
<td>19,570</td>
</tr>
</tbody>
</table>

**Total current development**

|               | 97,745    | 72,070    |

**Rental Property:**

<table>
<thead>
<tr>
<th>Four Forest Street Corporation</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable to a municipality, due December, 2023, and bears interest at 5%, compounded annually. Principal and accrued interest is due December, 2023, provided that Forest Street complies with the terms and conditions in the note agreement. It is management's intention to comply with these conditions, therefore, this note and accrued interest has been classified as contingent debt in the accompanying consolidating financial statements. The note balance at December 31, 2000 and 1999, includes $165,979 and $87,269, respectively, of accrued interest. This note is secured by a second mortgage on the property.</td>
<td>390,815</td>
<td>372,205</td>
</tr>
</tbody>
</table>
LONG-TERM DEBT AND CONTINGENT DEBT (Continued)

Rental Property: (Continued)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vila Nova Apartments, Inc.</td>
<td>238,368</td>
<td>238,368</td>
</tr>
<tr>
<td>Rosbury Triangle, Inc.</td>
<td>172,986</td>
<td>172,986</td>
</tr>
<tr>
<td>Total rental property</td>
<td>802,169</td>
<td>783,559</td>
</tr>
</tbody>
</table>

Property Management:

Nuestra Properties Corporation

Contingent non-interest bearing note payable to Nuestra. No repayment is due unless Nuestra Properties does not comply with the conditions in the agreement with Nuestra (see page 18).

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>17,051</td>
</tr>
</tbody>
</table>

Completed Development:

Nuestra

Contingent non-interest bearing note payable to a nonprofit corporation for development costs, unsecured.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total contingent debt</td>
<td>$992,356</td>
<td>$972,680</td>
</tr>
</tbody>
</table>

OPERATING LEASE AGREEMENT

Nuestra and Nuestra Properties have entered into agreements with Nuestra Palladio I.P and Bohio LP (related parties) (see Note 3), to lease office space. Nuestra and Nuestra Properties are responsible for their own utilities and maintenance. Rent expense under these agreements was $61,306 and $23,551 for 2000 and 1999, respectively. The lease with Nuestra Palladio LP expires December, 2006 and the lease with Bohio I.P expires December, 2004. The future annual rental payments under these agreements over the next five years are as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$49,432</td>
</tr>
<tr>
<td>2002</td>
<td>$50,694</td>
</tr>
<tr>
<td>2003</td>
<td>$51,989</td>
</tr>
<tr>
<td>2004</td>
<td>$53,318</td>
</tr>
<tr>
<td>2005</td>
<td>$54,681</td>
</tr>
</tbody>
</table>
DEVELOPMENT FEES

Nuestra has an agreement with LCLP to receive development fees for the services it provided during the development of the project. The total amount of the agreement is for $989,400, and Nuestra received approximately $784,000 as payments through December 31, 2000. A significant portion of the fees received has been invested by Nuestra in its wholly-owned subsidiary, La Concha Corp., to fund the required net worth account (see Note 2). The payment terms for the remaining amounts have not been determined. There is no known identifiable source for LCLP to pay these fees. Due to these factors, any additional fees will be recorded as revenue only upon receipt.

Nuestra also has a development fee agreement with Stafford Heights. Nuestra is owed approximately $359,000 under this agreement at December 31, 2000 and 1999. This amount bears interest at 7.5%, compounded annually. The accrued interest owed at December 31, 2000 and 1999, is approximately $206,000 and $157,000, respectively. The payment terms for these development fees and accrued interest have not been determined and there are no identifiable sources for Stafford Heights to pay these fees. Due to these factors, a reserve has been recorded against the development fees and related accrued interest at December 31, 2000 and 1999, for these amounts.

Nuestra also has a development fee agreement with Sargent Prince. Nuestra is owed approximately $243,000 under this agreement at December 31, 2000 and 1999. This amount bears interest at 6.5%, compounded annually. The accrued interest owed at December 31, 2000 and 1999, is approximately $68,000 and $48,000, respectively. The payment terms for these development fees and accrued interest have not been determined and there are no identifiable sources for Sargent Prince to pay these fees. Due to these factors, a reserve has been recorded at December 31, 2000 and 1999, for these amounts.

Nuestra also has a development fee agreement with Infill 2. Nuestra is owed approximately $126,000 under this agreement at December 31, 2000 and 1999. This amount bears interest at 8%, compounded annually. The accrued interest owed at December 31, 2000 and 1999, is approximately $50,000 and $37,000, respectively. The payment terms for these development fees and accrued interest have not been determined and there are no identifiable sources for Infill 2 to pay these fees. Due to these factors, a reserve has been recorded at December 31, 2000 and 1999, for these amounts.

MANAGEMENT AGREEMENTS

Vila Nova, Forest Street and Roxbury Triangle have entered into agreements with Nuestra Properties to carry on the day-to-day operations of the rental units. Nuestra Properties receives a management fee ranging from 4% to 5% of gross collections, as defined in the agreement, for these services. These agreements can be terminated by either party with thirty days written notice.
(10) **LINES OF CREDIT**

**Line of Credit - Revolving Loan**

Nuestra has available two lines of credit with a bank to use in its Neighborworks program to make loans to low-income eligible individuals. The maximum borrowings under these agreements is $150,000 at December 31, 2000. Interest is at the bank's prime rate (9.5% and 8.5% at December 31, 2000 and 1999, respectively). Interest only is due on the outstanding borrowings. This agreement is secured by all business assets of Nuestra. There were borrowings of $193,993 and $205,592 outstanding at December 31, 2000 and 1999, respectively.

**Line of Credit - Working Capital**

Nuestra has available a $350,000 line of credit with a nonprofit organization to fund pre-development and operating costs of its current development projects. Interest on the first $175,000 of borrowings is at 5%. Interest on subsequent borrowings is at a floating rate between 7-8%. Interest accrues on an annual basis and is payable quarterly on the first day of each calendar quarter. The principal amount and any unpaid accrued interest is payable on the termination date of the line of credit, which is determined by Nuestra providing written notification to the agency that it will not borrow any additional funds under the agreement. Nuestra has the option of prepaying any portion of the note. This agreement is secured by a mortgage and an assignment of rental income from Nuestra Apparel. There was no outstanding balance on this line of credit as at December 31, 2000 and there were borrowings of $1,29,600 outstanding at December 31, 1999.

Nuestra has received a commitment from the Massachusetts Housing Investment Corporation (MHIC) for a ten-month line of credit of $2.5 million for property acquisition and development, and working capital needs. This agreement is renewable at MHIC's discretion. Borrowings bear interest at a floating rate of prime plus ½%, payable monthly. Nuestra was advanced $77,837 under this agreement at December 31, 2000.

(11) **COMMITMENTS AND CONTINGENCIES**

Nuestra and its subsidiaries have entered into the following agreements relating to their projects:

**La Cosecha Limited Partnership**

Nuestra has a right of first refusal to purchase the apartment complex. Also, upon the earlier to occur of January 2, 2005, or a decision of LCLP to sell the property, Nuestra has a right to acquire the apartment complex for its fair market value, as long as the property continues to provide housing to low and moderate income families. Nuestra has a right to assign this option.

**Daly House Limited Partnership**

Nuestra SRO Corporation has been granted an option to purchase Daly House's property at the end of the low income housing tax credit compliance period. The option is based upon Nuestra SRO Corporation or Nuestra maintaining the low-income occupancy of the property.
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

(11) COMMITMENTS AND CONTINGENCIES (Continued)

**Stafford Heights Limited Partnership**

Nuestra has guaranteed to advance funds, as unsecured loans, to Stafford Heights, Inc. for the purpose of making capital contributions to Stafford Heights to fund operating deficits. These advances will be made to the extent that funds are not available from Stafford Heights' operating reserve. At December 31, 2000, Nuestra's maximum obligation under this agreement is $318,500. The guaranty amount decreases as Stafford Heights achieves certain operating results.

Stafford Heights Cooperative Corporation has been granted a right of first refusal to purchase Stafford Heights property effective June, 2010. This right is exercisable until December, 2013. Nuestra has also been granted a right of first refusal which is subordinate to Stafford Heights Cooperative Corporation's. Nuestra's right expires in June, 2014.

**Infill 2 Limited Partnership**

Nuestra has guaranteed to advance funds, as unsecured loans, to Infill 2 Corporation for the purpose of making capital contributions to Infill 2 to fund operating deficits. These advances will be made to the extent that funds are not available from Infill 2's operating reserve. At December 31, 2000, Nuestra's maximum obligation under this agreement is approximately $80,000. The guaranty amount decreases as Infill 2 achieves certain operating results.

Nuestra has been granted a right of first refusal to purchase Infill 2's property in the event that Infill 2 proposes to sell, transfer, assign or ground lease the property. Nuestra would be required to maintain the property as low income housing.

**Sargent Prince Limited Partnership**

Nuestra has guaranteed to advance funds, as unsecured loans, to Sargent Prince, Inc. for the purpose of making capital contributions to Sargent Prince to fund operating deficits. These advances will be made to the extent that funds are not available from Sargent Prince's operating reserve. At December 31, 2000, Nuestra's maximum obligation under this agreement is approximately $130,000. The guaranty amount decreases as Sargent Prince achieves certain operating results.

Nuestra has been granted a right of first refusal to purchase Sargent Prince's property in the event that Sargent Prince proposes to sell, transfer, assign or ground lease the property. Nuestra would be required to maintain the property as low-income housing.
NUESTRA COMUNIDAD DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

(11) COMMITMENTS AND CONTINGENCIES (Continued)

Nuestra Palladio Limited Partnership

Nuestra has guaranteed to advance funds, as unsecured loans, to Nuestra Palladio, Inc. for the purpose of making capital contributions to Nuestra Palladio to fund development cost overruns and operating deficits. These advances will be made to the extent that funds are not available from Nuestra Palladio’s operating reserve. Nuestra’s maximum obligation under this agreement is approximately $245,000 for development cost overruns and is unlimited for operating deficits.

Nuestra has also guaranteed Nuestra Palladio’s $650,000 note payable from a bank.

La Cocina, LLC

Nuestra has guaranteed La Cocina’s $300,000 note payable to a municipality.

(12) CONCENTRATION OF CREDIT RISK

Nuestra maintains its cash balances in six Massachusetts banks. The balances are insured by the Federal Deposit Insurance Corporation up to $100,000. As of December 31, 2000, the uninsured portion in four of the banks aggregated approximately $290,000. Management periodically monitors the financial status of the banks and institutions to evaluate and minimize this risk.

(13) RETIREMENT PLAN

Nuestra maintains a retirement plan under Internal Revenue Service Code Section 403(B), covering employees who have completed at least one year of service and are over age 18. Nuestra may make annual contributions as approved by the Board of Directors. There were no contributions approved for 2000.

(14) SUBSEQUENT EVENT

In April 2001, Nuestra entered into a purchase and sale agreement to purchase a property for $2.4 million. Nuestra expects to rehabilitate this building during 2001.

(15) RECLASSIFICATION

Certain amounts in the 1999 consolidating financial statements have been reclassified to conform with the 2000 presentation.
### Operating Revenues:

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Villa Nova</th>
<th>Four Forest</th>
<th>Roselyn Triangle</th>
<th>Total Rental Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross potential residential rents</td>
<td>$130,415</td>
<td>$33,727</td>
<td>$97,616</td>
<td>$210,780</td>
</tr>
<tr>
<td>Less: vacancies and concessions</td>
<td>$4,355</td>
<td>$760</td>
<td></td>
<td>$9,225</td>
</tr>
<tr>
<td><strong>Net residential rents</strong></td>
<td>$126,060</td>
<td>$33,067</td>
<td>$88,391</td>
<td><strong>210,518</strong></td>
</tr>
<tr>
<td>Commercial rents</td>
<td>$18,555</td>
<td></td>
<td>$28,555</td>
<td></td>
</tr>
<tr>
<td>Fees and program revenues</td>
<td>$1,712</td>
<td>$1,284</td>
<td></td>
<td>$2,996</td>
</tr>
<tr>
<td>Interest income</td>
<td>$207</td>
<td>$122</td>
<td></td>
<td>$329</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td><strong>164,884</strong></td>
<td><strong>56,853</strong></td>
<td><strong>97,618</strong></td>
<td><strong>319,355</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses:

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Villa Nova</th>
<th>Four Forest</th>
<th>Roselyn Triangle</th>
<th>Total Rental Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs and maintenance</td>
<td>$34,327</td>
<td>$12,821</td>
<td>$19,321</td>
<td>$66,469</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$33,855</td>
<td>$6,569</td>
<td>$21,300</td>
<td>$61,513</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$21,962</td>
<td>$10,166</td>
<td>$9,564</td>
<td>$41,692</td>
</tr>
<tr>
<td>Utilities</td>
<td>$23,800</td>
<td>$5,912</td>
<td>$11,144</td>
<td>$41,854</td>
</tr>
<tr>
<td>Salaries, payroll taxes and fringe benefits</td>
<td>$14,489</td>
<td>$4,997</td>
<td>$9,361</td>
<td>$28,847</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$18,524</td>
<td>$4,032</td>
<td>$4,006</td>
<td>$26,562</td>
</tr>
<tr>
<td>Real estate and other taxes</td>
<td>$11,744</td>
<td>$2,930</td>
<td>$4,106</td>
<td>$18,780</td>
</tr>
<tr>
<td>Management fees</td>
<td>$9,878</td>
<td>$2,701</td>
<td>$4,377</td>
<td>$16,956</td>
</tr>
<tr>
<td>Miscellaneous expense</td>
<td>$11,825</td>
<td></td>
<td>$3,800</td>
<td>$15,624</td>
</tr>
<tr>
<td>Bad debts</td>
<td>$5,733</td>
<td>$3,153</td>
<td></td>
<td>$8,886</td>
</tr>
<tr>
<td>Tenant services</td>
<td>$3,000</td>
<td></td>
<td>$3,448</td>
<td>$6,448</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,850</td>
<td>$1,372</td>
<td>$3,012</td>
<td>$5,234</td>
</tr>
<tr>
<td>Office expense</td>
<td>$1,261</td>
<td>$1,156</td>
<td>$1,119</td>
<td>$3,536</td>
</tr>
<tr>
<td>Telephone</td>
<td>$356</td>
<td>$91</td>
<td>$70</td>
<td>$475</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>199,442</strong></td>
<td><strong>55,065</strong></td>
<td><strong>65,419</strong></td>
<td><strong>329,866</strong></td>
</tr>
<tr>
<td>Changes in net assets from operations</td>
<td>$(3,018)</td>
<td>$(1,622)</td>
<td>$2,203</td>
<td>$(30,487)</td>
</tr>
<tr>
<td><strong>Interest on Contingent Long-Term Debt</strong></td>
<td>$(18,610)</td>
<td></td>
<td>$(18,610)</td>
<td>$(37,220)</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td><strong>$(31,628)</strong></td>
<td><strong>$20,231</strong></td>
<td><strong>$2,486</strong></td>
<td><strong>$(39,997)</strong></td>
</tr>
</tbody>
</table>

**- 31 -**