



NORTHERN NEW ENGLAND  
HOUSING INVESTMENT FUND

# 2007 annual report

Year	Property	Developer	Units	Description	City	State
2007	Bessey School	Housing Initiatives of New England	54	Elderly	Scarborough	ME
2007	Cousens Apartments	Avesta Housing	28	Family	Kennebunk	ME
2007	Friedman Court II	CATCH Neighborhood Housing	41	Elderly	Concord	NH
2007	Stephen Eaton Apartments	Avesta Housing	36	Elderly	Wells	ME
2007	The Maples at Mayflower	Sanford Housing Authority	26	Elderly	Sanford	ME
2007	Veazie Senior Housing	Penquis CAP	24	Elderly	Veazie	ME
2006	Appleton Gardens Apartments	Northland Enterprises	26	Family	Westbrook	ME
2006	Creekside Village	Brunswick Housing Authority	40	Elderly	Brunswick	ME
2006	Friedman Court	CATCH Neighborhood Housing	54	Family	Concord	NH
2006	Mechanic School Housing	Laconia Area Community Land Trust	6	Revitalization	Laconia	NH
2006	Pearl Place	Avesta Housing	60	Family	Portland	ME
2006	Salem Senior Housing	Salem Housing Authority	24	Elderly	Salem	NH
2006	Valley Street	Shalom House, Inc.	24	Family	Portland	ME
2005	Brentwood Manor Apartments	Paul Stewart	22	Preservation	Nashua	NH
2005	Brick Hill Cottages	Richard Berman/ Jim Hatch/ Avesta Housing	43	Family	South Portland	ME
2005	Corundel Commons	Penquis CAP	20	Elderly	Corinna	ME

Year	Property	Developer	Units	Description	City	State
2005	Fore River Apartments	Avesta Housing	20	Family	Portland	ME
2005	Gilford Village Knolls II	Gilford Village Knolls, Inc.	24	Elderly	Gilford	NH
2005	High Street Apartments	Cumberland County YMCA	32	Special Needs	Portland	ME
2005	Iris Park Apartments	The Iris Network	30	Special Needs	Portland	ME
2005	Marble Oaks	Coastal Enterprises, Inc.	16	Family	Waldoboro	ME
2005	Patriot Place	York County Community Action	40	Family	Sanford	ME
2005	Stone Arch Family Housing	Keene Housing Authority	24	Family	Keene	NH
2005	Stone Arch Senior Housing	Keene Housing Authority	33	Elderly	Keene	NH
2005	Varney Square	Freeport Housing Trust	30	Family	Freeport	ME
2005	Warwick Meadow Apartments	Southwestern Community Services	20	Elderly	Winchester	NH
2004	Brick Hill Townhouses	Richard Berman/ Jim Hatch/ Avesta Housing	66	Family	South Portland	ME
2004	Evergreen Knoll	Keene Housing Authority	32	Family	Swanzey	NH
2004	Farmington Hills Family Apartments	Community Concepts, Inc.	10	Family	Farmington	ME
2004	Griffin Road Apartments	Penquis CAP	16	Family	Bangor	ME
2004	Highlands Apartments	Southwestern Community Services	40	Family	Keene	NH

Year	Property	Developer	Units	Description	City	State
2004	Lisbon Renewal	Affordable Housing Education and Development	10	Revitalization	Lisbon	NH
2004	Logan Place	Avesta Housing	30	Special Needs	Portland	ME
2004	Millview Apartments	Laconia Area Community Land Trust	18	Family	Laconia	NH
2004	Parkside Neighborhood	PROP	16	Family	Portland	ME
2004	Straw Mansion	NeighborWorks Greater Manchester	33	Family	Manchester	NH
2004	Unity Gardens	Avesta Housing	24	Elderly	Windham	ME
2003	Families In Transition – Concord	Families in Transition	16	Transitional	Concord	NH
2003	Gale Home	Manchester Housing & Redevelopment Authority	37	Elderly	Manchester	NH
2003	Harmon Pines	Avesta Housing	20	Family	Buxton	ME
2003	Ledgewood Court	MidCoast Maine Community Action	24	Family	Damariscotta	ME
2003	Maple Street Apartments	Community Concepts, Inc.	16	Revitalization	Lewiston	ME
2003	Portsmouth Cottage	Portsmouth Housing Authority	20	Elderly	Portsmouth	NH
2003	Sandy Ledge	Community Action Program Belknap-Merrimack Counties, Inc.	11	Family	Belmont	NH
2003	Seabreeze Apartments	William Marceau	18	Elderly	Searsport	ME
2003	Snow Brook Meadow Village	Southwestern Community Services	20	Family	Winchester	NH



Year	Property	Developer	Units	Description	City	State
2003	White Rock Senior Housing II	Green Mountain Development Group	43	Elderly	Bow	NH
2003	Windward Apartments	Penquis CAP	16	Family	Searsport	ME
2003	Yale Court	Wescott and Payson	30	Family	Portland	ME
2002	Brannigan House	Shalom House, Inc.	10	Special Needs	Portland	ME
2002	Cottage Street Apartments	Community Concepts, Inc.	18	Family	Norway	ME
2002	Emerson Court	Rochester Housing Authority	12	Family	Rochester	NH
2002	Graham School	Penquis CAP	20	Elderly	Veazie	ME
2002	Mad River Apartments	The Housing Partnership	16	Family	Farmington	NH
2002	Plant Home	Plant Memorial Home	37	Elderly	Bath	ME
2002	Presumpscot Commons	Westbrook Housing Authority	29	Elderly	Westbrook	ME
2002	Sherburne Woods	Southern New Hampshire Services	20	Elderly	Deerfield	NH
2002	Upper Valley Supportive Housing	Twin Pines Housing Trust	20	Special Needs	Enfield, Lebanon	NH
2002	Village Woods	York Housing Authority	36	Elderly	York	ME
2002	West Swanzey Family Apartments	Southwestern Community Services	18	Family	Swanzey	NH
2002	Western Hills Apartments	Community Concepts, Inc.	16	Family	Bethel, Fryeburg	ME

Year	Property	Developer	Units	Description	City	State
2002	White Rock Senior Housing I	Green Mountain Development Group	73	Elderly	Bow	NH
2002	Willow Crossing	CATCH Neighborhood Housing	24	Family	Concord	NH
2001	Ammonoosuc Green	Affordable Housing Education and Development	17	Revitalization	Littleton	NH
2001	Bay Head Apartments	Penquis CAP	24	Family	Belfast	ME
2001	Brookside Village	Freeport Housing Trust	16	Elderly	Freeport	ME
2001	Milette Manor	NHS of Greater Nashua, Inc.	22	Elderly	Nashua	NH
2001	Millyard II	Families in Transition	20	Transitional	Manchester	NH
2001	Phoenix Apartments	NeighborWorks Greater Manchester	14	Revitalization	Manchester	NH
2001	Winchester Senior Housing	Southwestern Community Services	20	Elderly	Winchester	NH
2000	CHOM Apartments	Coastal Enterprises, Inc.	24	Special Needs	Belfast, Orono, Portland	ME
2000	Elm Street Phase I	NeighborWorks Greater Manchester	40	Revitalization	Manchester	NH
2000	Elm Street Phase II	NeighborWorks Greater Manchester	28	Revitalization	Manchester	NH
2000	Neighborhood Initiative II	Laconia Area Community Land Trust	19	Revitalization	Laconia	NH
2000	Settler's Ridge	Steven Lewis	26	Elderly	Atkinson	NH
2000	South End 2000	CATCH Neighborhood Housing	13	Revitalization	Concord	NH
2000	Spencer Square	Bill Bittinger/ Twin Pines Housing Trust	20	Family	Lebanon	NH

Year	Property	Developer	Units	Description	City	State
2000	Unity Village	Richard Berman/ Jim Hatch	33	Family	Portland	ME
2000	Whispering Pines II	Rockingham Community Action	20	Elderly	Epping	NH
1999	Lincolnville Village Apartments	Clem Begin	8	Family	Lincolnville	ME
1999	Mayflower Assisted Living	Sanford Housing Authority	35	Assisted Living	Sanford	ME
1999	Norton Street	The Housing Partnership	20	Revitalization	South Berwick	ME
1999	Rolling Green	Paul Stewart	40	Elderly	Pittsfield	NH
1999	Sandy Creek	Avesta Housing	20	Family	Bridgton	ME
1999	Troy Senior Housing	Southwestern Community Services	15	Elderly	Troy	NH
1999	Woodsville Maple-Walnut	Affordable Housing Education and Development	14	Family	Woodsville	NH
1998	Beaver Mills	Southwestern Community Services	30	Elderly	Keene	NH
1998	Carrabec Park	Clem Begin	14	Family	North Anson	ME
1998	Freese Assisted Living Center	Realty Resources Chartered	39	Elderly	Bangor	ME
1998	Pine Hill	Laconia Area Community Land Trust	18	Revitalization	Laconia	NH
1998	Three Corners Apartments	NeighborWorks Greater Manchester	21	Revitalization	Manchester	NH
1998	Western Maine Apartments	Community Concepts, Inc.	32	Family	Brownfield, Fryeburg, South Paris	ME

Year	Property	Developer	Units	Description	City	State
1997	Addison Place	Dover Housing Authority/ Silver Street Development	45	Family	Dover	NH
1997	Covered Bridge Apartments	Clem Begin	10	Elderly	Guilford	ME
1997	New Hope Housing	The Housing Partnership	12	Family	Rollinsford	NH
1997	Riverside Estates	O'Neil Development Company	49	Family	Brunswick	ME
1997	Steeple Square	Avesta Housing	73	Revitalization	Westbrook	ME
1996	Eagles Bluff I	Silver Street Development	40	Family	Concord	NH
1996	Eagles Bluff II	Silver Street Development	40	Family	Concord	NH
1996	Franklin Village	Silver Street Development	132	Family	Derry	NH
1996	Larabee Village	Westbrook Housing Authority	150	Assisted Living	Westbrook	ME
1996	Millyard I	Families in Transition	14	Transitional	Manchester	NH
1996	Supportive Housing	Community Concepts, Inc.	19	Special Needs	Lewiston, Rumford, South Paris	ME
1996	Village View Apartments	Freeport Housing Trust	30	Family	Freeport	ME
1996	Wardwell Gardens	Wardwell Home for the Aging	30	Assisted Living	Saco	ME
NH Units:			1,391			
ME Units:			1,627			
<b>TOTAL UNITS:</b>			<b>3,018</b>			



2007

investors

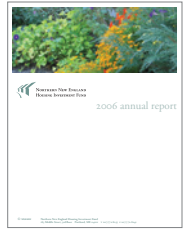
Investor	NH	ME	Total
Androscoggin Savings Bank	-	928,268	<b>928,268</b>
Bangor Savings Bank	-	2,060,000	<b>2,060,000</b>
Bank of America	51,408,173	52,568,077	<b>103,976,250</b>
Boston Financial	1,602,000	-	<b>1,602,000</b>
Bow Mills Bank and Trust / Merrimack County Savings Bank	311,510	-	<b>311,510</b>
Camden National / United Kingfield	-	3,595,000	<b>3,595,000</b>
Citizens Bank New Hampshire	21,510,000	-	<b>21,510,000</b>
Connecticut River Bank	202,000	-	<b>202,000</b>
Fannie Mae	6,930,673	21,462,562	<b>28,393,235</b>
Gorham Savings Bank	-	2,761,149	<b>2,761,149</b>
John Hancock Realty Advisors	5,210,000	-	<b>5,210,000</b>
Key Community Development Corporation	6,100,000	18,048,750	<b>24,148,750</b>
Maine Bank & Trust		257,500	<b>257,500</b>
Mascoma Savings Bank	1,255,000	-	<b>1,255,000</b>
Meredith Village Savings Bank	270,000	-	<b>270,000</b>
Merrill Merchants	-	270,000	<b>270,000</b>
Norway Savings Bank	-	2,040,000	<b>2,040,000</b>
Ocean National Bank	2,987,817	1,944,383	<b>4,932,200</b>
Saco & Biddeford Savings Institution	-	3,911,250	<b>3,911,250</b>
Sanford Institution for Savings	-	2,575,000	<b>2,575,000</b>
Sovereign Bank	3,090,000	-	<b>3,090,000</b>
TD BankNorth	26,350,000	32,765,482	<b>59,115,482</b>
Washington Mutual	12,037,456	2,550,000	<b>14,587,456</b>
Woodsville Guaranty Savings Bank	270,000	-	<b>270,000</b>
<b>TOTALS:</b>	<b>139,534,629</b>	<b>147,737,421</b>	<b>287,272,050</b>

2007  
annual  
report

2007

archives

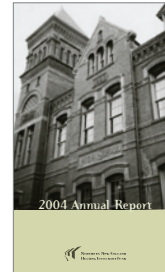
2006: [WEB](#) | [PDF](#)



2005: [PDF](#)



2004: [PDF](#)



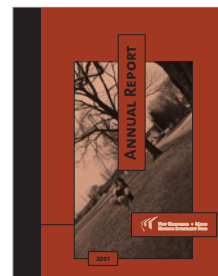
2003: [PDF](#)



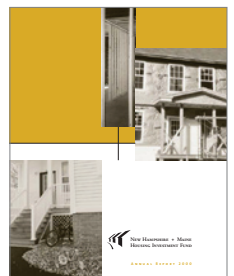
2002: [PDF](#)



2001: [PDF](#)



2000: [PDF](#)



Check our [website](#) for the full archive of Annual Reports.

2007  
annual  
report

March 7, 2008

To the Board of Directors  
Northern New England Housing Investment Fund

We have audited the financial statements of Northern New England Housing Investment Fund for the year ended December 31, 2007, and have issued our report thereon dated March 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 25, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Northern New England Housing Investment Fund are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 7, 2008.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Northern New England Housing Investment Fund and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Otis Atwell".

Certified Public Accountants



NORTHERN NEW ENGLAND  
HOUSING INVESTMENT FUND

FINANCIAL STATEMENTS

December 31, 2007 and 2006

NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

FINANCIAL STATEMENTS

December 31, 2007 and 2006

CONTENTS

	PAGE
Independent Auditor's Report	1
FINANCIAL STATEMENTS	
Exhibit A    Statements of Financial Position	2 and 3
Exhibit B    Statements of Activities	4
Exhibit C    Statements of Cash Flows	5
Notes to the Financial Statements	6 through 8

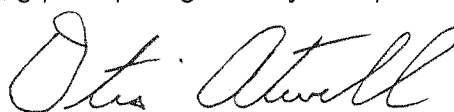
INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Northern New England Housing Investment Fund

We have audited the accompanying statements of financial position of Northern New England Housing Investment Fund as of December 31, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern New England Housing Investment Fund as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

March 7, 2008  
South Portland, Maine

## NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

## STATEMENTS OF FINANCIAL POSITION

December 31, 2007 and 2006

## ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,706,998	\$ 4,789,380
Accounts Receivable	756,322	400,706
Notes Receivable (Note 3)	725,000	500,000
Prepaid Expenses	<u>44,031</u>	<u>48,826</u>
Total Current Assets	<u>5,232,351</u>	<u>5,738,912</u>
PROPERTY AND EQUIPMENT		
Furniture and Fixtures	61,578	60,442
Computer Equipment	111,160	109,246
Computer Software	62,541	61,701
Leasehold Improvements	<u>41,404</u>	<u>36,214</u>
Total	<u>276,683</u>	<u>267,603</u>
Less Accumulated Depreciation	<u>149,151</u>	<u>118,077</u>
Net Property and Equipment	<u>127,532</u>	<u>149,526</u>
OTHER ASSETS		
Syndication Fees Receivable (Note 2)	1,995,468	1,646,339
Security Deposits	<u>5,448</u>	<u>6,348</u>
Total Other Assets	<u>2,000,916</u>	<u>1,652,687</u>
TOTAL ASSETS	<u><u>\$ 7,360,799</u></u>	<u><u>\$ 7,541,125</u></u>

See accompanying notes to the financial statements.



## NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

STATEMENTS OF FINANCIAL POSITION  
(Continued)

December 31, 2007 and 2006

## LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 23,463	\$ 30,336
Accrued Vacation	12,640	13,097
Accrued Payroll	<u>30,828</u>	<u>24,171</u>
Total Current Liabilities	<u>66,931</u>	<u>67,604</u>
LONG-TERM LIABILITIES		
Deferred Fees (Note 4)	<u>3,235,967</u>	<u>3,658,725</u>
Total Long-term Liabilities	<u>3,235,967</u>	<u>3,658,725</u>
Total Liabilities	<u>3,302,898</u>	<u>3,726,329</u>
NET ASSETS		
Unrestricted	2,932,901	2,689,796
Temporarily Restricted (Note 7)	<u>1,125,000</u>	<u>1,125,000</u>
Total Net Assets	<u>4,057,901</u>	<u>3,814,796</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,360,799</u></u>	<u><u>\$ 7,541,125</u></u>

See accompanying notes to the financial statements.

## NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2007 and 2006

	Unrestricted Net Assets	Temporarily Restricted Net Assets		Totals	2006
		Maine Fund	New Hampshire Fund		
REVENUES AND OTHER SUPPORT					
Subscription Fees	\$ 349,129	\$ -	\$ -	\$ 349,129	\$ 426,339
Membership Dues	50,000	-	-	50,000	50,000
Investment and Management Fees	584,680	-	-	584,680	507,548
Legal and Accounting Fees	113,333	-	-	113,333	100,000
Consulting Fees	198,000	-	-	198,000	132,000
Interest Income	224,573	-	-	224,573	247,321
Investor Service Fees	57,824	-	-	57,824	54,842
Miscellaneous	26	-	-	26	-
Total Revenues and Other Support	1,577,565	-	-	1,577,565	1,518,050
EXPENSES					
Program Expenses	1,046,393	-	-	1,046,393	995,889
Management and General	288,067	-	-	288,067	264,223
Total Expenses	1,334,460	-	-	1,334,460	1,260,112
Change in Net Assets	243,105	-	-	243,105	257,938
NET ASSETS, BEGINNING OF YEAR	2,689,796	750,000	375,000	3,814,796	3,556,858
NET ASSETS, END OF YEAR	<u>\$ 2,932,901</u>	<u>\$ 750,000</u>	<u>\$ 375,000</u>	<u>\$ 4,057,901</u>	<u>\$ 3,814,796</u>

See accompanying notes to the financial statements.

## NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 243,105	\$ 257,938
Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:		
Depreciation	31,074	34,343
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(704,745)	(612,818)
Prepaid Expenses	4,795	(32,848)
Due from Related Party	-	1,491
Security Deposit	900	-
Accounts Payable	(6,873)	(8,781)
Accrued Vacation	(457)	(3,147)
Accrued Payroll	6,657	(3,801)
Deferred Fees	<u>(422,758)</u>	<u>(422,755)</u>
Net Cash Used for Operating Activities	<u>(848,302)</u>	<u>(790,378)</u>
Cash Flows from Investing Activities:		
Note Receivable	(225,000)	-
Purchases of Property and Equipment	<u>(9,080)</u>	<u>(18,222)</u>
Net Cash Used by Investing Activities	<u>(234,080)</u>	<u>(18,222)</u>
Net Decrease in Cash	(1,082,382)	(808,600)
Cash and Cash Equivalents, at Beginning of Year	<u>4,789,380</u>	<u>5,597,980</u>
Cash and Cash Equivalents, at End of Year	<u><u>\$ 3,706,998</u></u>	<u><u>\$ 4,789,380</u></u>

See accompanying notes to the financial statements.

# NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Northern New England Housing Investment Fund (NNEHIF) is a not-for-profit corporation set up to foster low-income housing in the States of Maine and New Hampshire. The Corporation assists in selecting projects for investors and provides consulting services to developers of low-income housing. NNEHIF is a 100% owner of two subsidiaries, Maine Housing Equity Fund, Inc. (MHEF, Inc.) and New Hampshire Housing Equity Fund, Inc. (NHHEF, Inc), both taxable corporations. MHEF, Inc. and NHHEF, Inc. had no material activity in 2007 or 2006. In addition, NNEHIF is the sole member of HIF Consulting LLC, whose activity is included in the financial statements. All intercompany activity is eliminated in consolidation.

Fund Accounting - To ensure proper usage of restricted and unrestricted assets, NNEHIF maintains its accounts according to fund accounting principles.

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

Property and Equipment - Property and equipment are stated at cost and are being depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are expensed and betterments and renewals are capitalized as incurred. When assets are retired or disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are reflected in income.

Income Taxes - The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and, as such, is exempt from federal and state income taxes.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash includes cash on hand, amounts due from banks and money market funds.

Deferred Fees - Investment and management fees, legal and accounting fees and contingent asset management fees are being recognized as income over a fifteen-year period.

### NOTE 2 - SYNDICATION FEES RECEIVABLE

At December 31, 2007 and 2006, syndication fees receivable included fees earned of \$725,000 from Maine Housing Equity Fund 2004 LP, \$495,000 from New Hampshire Housing Equity Fund 2004 LP and \$426,339 from Community Capital 2006. At December 31, 2007, fees receivable also included \$133,661 from Community Capital 2006 and \$215,468 from Community Capital 2007.



# NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 3 - NOTES RECEIVABLE

The Corporation had a note receivable from the New Hampshire Community Loan Fund, Inc. in the amount of \$250,000 at both December 31, 2007 and 2006. The principal amount plus interest of 2% per year was payable on December 31, 2007.

The Corporation had a note receivable from the Genesis Fund, Inc. in the amount of \$250,000 at both December 31, 2007 and 2006. The note is due March 31, 2008, with interest at 2% per annum.

The Corporation has a note receivable from Maple Hill Acres Limited Partnership in the amount of \$225,000. The principal plus interest calculated at the prime rate is payable on February 28, 2008. The unpaid interest receivable at December 31, 2007 was \$10,944.

### NOTE 4 - DEFERRED FEES

NNEHIF has entered into Investment and Management Agreements with each of the eleven funds that it manages. Under these agreements, NNEHIF is paid certain fees to manage the funds. NNEHIF has elected to recognize this income on a straight-line basis over the expected service period of fifteen years.

The Investment and Management Agreements detail NNEHIF's ability to earn prepaid fees in the event of termination of the agreements before the end of the fifteen-year period. In the event of termination, NNEHIF is entitled to the sum of all direct costs incurred plus 25% of the total fee amount less direct costs plus an additional 5% of the fee for each year the agreement has been in effect.

Under the terms of the twelve Investment and Management Agreements, eleven of which are currently in force, NNEHIF is expected to receive \$9,896,975 for investment and management fees. As of December 31, 2007 and 2006, \$4,791,379 had been received and \$2,890,376 and \$2,331,244, respectively, has been recognized in income. In addition, NNEHIF is expected to receive \$1,820,000 for legal and accounting fees. As of December 31, 2007 and 2006, \$1,200,000 had been received and \$693,333 and \$580,000, respectively, has been recognized in income. The Corporation has elected to recognize the legal and accounting fees over the expected service period of fifteen years.

# NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 4 - DEFERRED FEES (Continued)

The Corporation has also received \$350,000 for contingent asset management fees and has recognized \$163,333 and \$140,000 in income as of December 31, 2007 and 2006, respectively.

Deferred fees at December 31 consisted of:

	2007	2006
Investment and Management Fees	\$ 2,469,300	\$ 2,788,725
Legal and Accounting Fees	580,000	660,000
Contingent Asset Management Fees	186,667	210,000
	<u>\$ 3,235,967</u>	<u>\$ 3,658,725</u>

### NOTE 5 - PENSION PLAN

The Corporation has a 403(b)(7) retirement plan which provides for matching contributions up to 6% for all eligible employee wages. Pension expense was \$31,981 and \$27,507 for 2007 and 2006, respectively.

### NOTE 6 - OPERATING LEASES

The Corporation leased two office spaces under separate noncancelable operating leases. Office space was leased in New Hampshire and in Maine, with lease expiration dates of May 31, 2007 and September 25, 2011, respectively. During 2007, the New Hampshire office lease was not renewed, and the office closed.

Future minimum lease payments as of December 31, 2007 are:

2008	\$ 69,873
2009	71,957
2010	74,094
2011	56,807
Total	<u>\$ 272,731</u>

Rent expense for 2007 and 2006 was \$72,330 and \$76,660, respectively.

### NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

On June 11, 1996, the Corporation entered into a funding agreement with MaineHousing whereby MaineHousing granted \$750,000 to the Corporation. On June 3, 1997, the Corporation entered into a funding agreement with the New Hampshire Housing Finance Authority (NHHFA) whereby NHHFA granted \$375,000 to the Corporation. As of December 31, 1998, the Corporation had met the performance standards of the respective funding agreements.

The Agreement and Plan of Merger restricts use of the funds to the respective states and for uses specified under the agreements.