Providence Housing continued to increase the availability of affordable housing to those in the Diocese of Rochester and neighboring communities.

Under Construction
Construction began on Medina Country Estates in June 2007 and is scheduled to open in late Spring 2008. It will offer 24 apartments in one single-story building and one two-story building. The affordable rental housing is for families and seniors and is jointly funded by USDA Rural Development and NYS HTFC. Property management will be by our codevelopment partner, Q and D Management of T.R.A. Development of Buffalo.

Providence assisted Catholic Charities Community Services in obtaining HUD 811 funding for Crowley House in Lyons. The six-unit facility provides a home-like atmosphere for six low-income adults with development disabilities. It is operated by Catholic Charities Community Services of Rochester.

Properties that Opened
The second phase of the Olean/Kennedy Revitalization project, Carlson Commons, opened in Spring of 2007. The ribbon cutting ceremony attracted an audience of almost 200 including local and state officials. Carlson Commons is named to honor Jeffrey T. Carlson, former City of Rochester Deputy Mayor and strong supporter of affordable housing. The majority of the 77 single-family affordable rental houses are on the main site that includes the community center with management and maintenance offices and laundry facility. (See page 4 for the list of awards this project has received.)

McNiff Commons in Elmira was celebrated in Spring 2007. The eleven one-bedroom units are affordable rental housing for those diagnosed with a mental illness. A front porch with rocking chairs, a reception hall, community room and laundry facilities are included in the building.

Ehr-Dale Heights in Churchville opened in early Spring 2007. The development is a 33-unit senior 62+ and disabled of any age housing community. This was developed in partnership with 3D Development and Kinderhook Development.

Funding Awards
Olean Heights, codeveloped with Rochester’s Cornerstone Group, Ltd. (phase III of the Olean/Kennedy Revitalization project) received more than $2 million from NYS HTCF and an allocation of LIHTC. St. Salome Apartments, Irondequoit, received $8.8 million in funding from NYS DHCR, NYS HTF, Monroe County HOME Program, Greater Rochester Housing Partnership, the Town of Irondequoit, the Federal Home Loan Bank through member bank HSBC, and WNC & Associates, Inc. Both Olean Heights and St. Salome Apartments will break ground in Spring 2008 with units available before the end of next year. Providence Housing also received an award of $3.8 million from HUD to construct a 33-unit senior housing community in Monroe County.

<table>
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<th>Number of units under construction or development</th>
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<tbody>
<tr>
<td>Crowley House</td>
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<tr>
<td>HUD 202</td>
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<tr>
<td>Medina Country Estates</td>
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<tr>
<td>Olean Heights</td>
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<tr>
<td>St. Salome Apartments</td>
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<tr>
<td>TOTAL</td>
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</tbody>
</table>

2007 STATS

Ebonie Keith’s family is happy to call Carlson Commons their new home. She is the Tenant Association President for the soon-to-be 176 units.

Continued on back page.
FINANCIAL SUMMARY
PROVIDENCE HOUSING DEVELOPMENT CORPORATION AND AFFILIATES

COMBINED BALANCE SHEETS
December 31, 2007

ASSETS

Current Assets
- Cash and Cash Equivalents: $114,577
- Grants Receivable: 148,581
- Interest Receivable (Net): 67,550
- Accounts Receivable (Net): 21,505
- Development Fees Receivable: 373,000
- Prepaid Expenses: 39,337

Total Current Assets: $1,302,200

Property and Equipment
- Land: 15,500
- Projects in Progress: 413,313
- Computer Equipment: 11,201
- Furniture and Fixtures: 43,251
- Buildings and Improvements: 2,297,980
- Less: Accumulated Depreciation: (152,938)

Net Property and Equipment: $2,628,307

Other Assets
- Cash - Restricted: 31,970
- Development Fees Receivable - Long Term: 95,705
- Loan Receivable From L.P.s: 1,600,819
- Equity Investment - L.P.s: 2,241,806
- Investment in Subsidiary: (20,042)
- Other Assets: 44,896

Total Other Assets: 3,955,154

TOTAL ASSETS: $7,925,661

LIABILITIES AND NET ASSETS

Current Liabilities
- Accounts Payable: $726,000
- Accrued Expenses: 160,563
- Deposits Held: 3,720
- Deferred Revenue: 7,048
- Loans Payable - Current Portion - To Be Paid: 21,465
- Loans Payable - Current Portion - To Be Forgiven: 106,724
- Line of Credit: 250,000

Total Current Liabilities: 1,275,520

Long-Term Liabilities
- Outside Interest - CCCS: 285,913
- Loans Payable - Long Term: 2,911,062

Total Long-Term Liabilities: 3,196,975

Total Liabilities: 4,472,495

Net Assets
- Unrestricted:
  - Operating: 1,227,880
  - Equity Investment - L.P.s: 2,241,806

Total Unrestricted Net Assets: 3,469,686

- Paid in Capital: 16,520

Total Net Assets: 3,453,166

TOTAL LIABILITIES AND NET ASSETS: $7,925,661

MESSAGE FROM MONICA

On behalf of the families, seniors, and individuals that Providence Housing is blessed to serve, I would like to thank our partners, funders, vendors, neighbors, donors and staff for a tremendous 2007. Throughout the year, Providence has continued on a path of growth and expansion -- with funding awards for two new LIHTC properties, announcement of Providence’s first HUD 202 funding award, the creation of a Home Ownership Center to educate first-time home buyers, and three new communities to add to our property management portfolio. To those whom much is given, much is expected (Luke 12:48).

With the generous support and assistance provided to us this year by so many friends and supporters of our mission, we will continuously strive to improve the quality of life for the most marginalized members of our community by serving their most basic need for decent, safe, sustainable, accessible, affordable housing.

Monica McCullough
Executive Director
FINANCIAL SUMMARY
PROVIDENCE HOUSING DEVELOPMENT CORPORATION AND AFFILIATES

COMBINED STATEMENTS OF ACTIVITIES
For The Year Ended December 31, 2007

Support and Revenue
Support:
- Contributions: $56,670
- Forgiveness of Debt: 106,724
Total Support: 163,394

Revenue:
- Income/(Loss) from Subsidiary: (25,657)
- Development Fees: 109,340
- Rental Income (Net of Vacancy Loss): 114,409
- Management Fees: 232,533
- Shelter Plus Care Rental Fees: 159,425
- Government Contracts: 688,937
- Other Grants: 35,153
- Interest Income: 58,301
- Miscellaneous Income: 22,233
Total Revenue: 1,394,674
Total Support and Revenue: 1,558,068

Excess/(Deficit) of Support, Revenue, Gains & Losses Over Expenses: (298,619)

Net Assets - Beginning of Year: 3,751,785
Prior Period Adjustments: -
Elimination of Yates for Prior Period: -
Net Assets - Beginning of Year - As Restated: 3,751,785

Net Assets - End of Year: 3,453,166

Expenses
- Program Services: 1,368,472
- Management and General: 488,215
Total Expenses: 1,856,687

THANK YOU TO OUR 2007 CONTRIBUTORS

We extend our thanks to the following individuals and organizations for their generous support.

Providence Housing is a not-for-profit 501(c)(3) corporation. Donations listed here are cash and in-kind contributions received between January 1, 2007 and December 31, 2007.

DEVELOPMENT FUNDERS:
USDA Rural Development
US Department of HUD
NYS Housing Trust Fund Corp.
City of Rochester
Boston Capital
Enterprise Community Partners, Inc.
JPMorgan Chase
Town of Irondequoit
Monroe County
Federal Home Loan Bank of NY through HSBC
Federal Home Loan Bank of NY through M & T
The Richman Group Capital Corp.
Greater Rochester Housing
Partnership / Rochester Equity Fund
WNC & Associates

DEVELOPMENT GRANTS
Enterprise Foundation Rural Housing
Capacity Building Grant

PROGRAM FUNDERS
Catholic Charities USA for the Home Ownership Program
Enterprise Community Partners, Inc., for proposed Northwest Apartments, Rochester
HUD for the Shelter Plus Care Program
Monroe County for the Home Ownership Program
OASAS for the Shelter Plus Care Program
United Way Martin Luther King Fund
for proposed Northwest Apartments, Rochester

EXCESS/(DEFICIT) OF SUPPORT, REVENUE, GAINS & LOSSES OVER EXPENSES

Net Assets - Beginning of Year: 3,751,785
Prior Period Adjustments: -
Elimination of Yates for Prior Period: -
Net Assets - Beginning of Year - As Restated: 3,751,785

Net Assets - End of Year: 3,453,166

IN-KIND:

LECESSE Construction
Tiffany T. Love
Monica C McCullough
Sally M. Miller
Mary E. Mondo
Lisa Passero
Mr. & Mrs. Richard Rossettie
Karen Staertow
Mr. & Mrs. Charles E. Stokes

THIOGA COUNTY FLOOD RELIEF
Seniors and those disabled were helped with home repairs by 49 volunteers from PHDC and LECESSE with contributions totaling more than $10,000 from:

ACC Contracting
Atlas Construction
E. S. Systems
Impact Painting
Margaret Lester
McCurg Electric
Morse Sash & Door
Pooler Enterprises
Scaccia Tile & Marble
Stantec Consulting Inc.
SWBR Architects

LECESSE Construction

Thank you to our 2007 contributors. You can help Providence Strengthen Families! As a 501(c)(3) not-for-profit organization, your donations are tax deductible. Providence's properties, Home Ownership and Shelter Plus Care programs gratefully accept your contribution in the enclosed envelope. Thank you!
The Home Ownership Programs includes:

Monroe County Home Ownership Program - Down payment and closing costs available to those buying in the County of Monroe

Credit Restoration Program - Preparing those interested in buying a home

Section 8 to Home Ownership Program - Down payment and closing costs available to those buying a home

- The Home Ownership Center opened in June.
- Leveraged $2.4 million in affordable mortgages along with $205,000 in monies from various sources for 31 families in Monroe County.
- Seventy-five families were assisted with credit restoration.
- Providence held 15 closings in the Home Ownership Option Voucher Program for Section 8 families.
- Providence provided one-on-one counseling for 225 income-eligible families on home ownership/credit restoration.
- One hundred and fifty families attended home buyer education classes.
- Providence packaged 49 family’s applications for the First Home Club for various area lenders.
- Providence served households from 13% to 80% of Monroe County’s Area Median Income (AMI).

In 2007, Providence Housing provided affordable rental housing to 1304 individuals, including 328 children, 216 seniors, and 49 persons with disabilities in 538 apartments throughout the Diocese of Rochester.

PROPERTY GROWTH:

<table>
<thead>
<tr>
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<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tr>
<td></td>
<td>227</td>
<td>312</td>
<td>376</td>
<td>497</td>
<td>538</td>
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</tbody>
</table>

Under the Shelter Plus Care Program, Providence Housing provides rent subsidies and case management services to homeless persons, including their children.

- A total of 83% of Shelter Plus Care clients remained substance free during 2007.
- 86% of clients have increased educational and/or employment skills within 12 months of entering permanent housing.
- 75% of clients remained employed.
- 17 clients engaged in a 2-4 year college program; four clients completed a degree program.
- 86% of clients worked towards their GED or engaged in Vocational Training classes within 12 months of entering permanent housing.

AWARDS: Olean / Kennedy Revitalization Project

- Affordable Housing Tax Credit Coalition’s 13th Annual Charles L. Edson Tax Credit Excellence Awards Metropolitan/Urban Housing Honorable Mention (2007)
- Affordable Housing Finance magazine Best Family Project in the United States for 2007
- WNC & Associates Distinguished Project of the Year Award 2007 (Carlson Commons)

Selected by WNC & Associates based on the unique features of the individual project.

PROVIDENCE HOUSING DEVELOPMENT CORPORATION
1136 Buffalo Road, Rochester, NY 14624-1823
voice 585.328.3210 fax 585.529.9525 www.providencehousing.org

PROVIDENCE HOUSING DEVELOPMENT CORPORATION, is a not-for-profit corporation affiliated with the Roman Catholic Diocese of Rochester. Providence develops, finances and manages housing for individuals and families in the 12 counties of the Diocese of Rochester. They include: Monroe, Wayne, Livingston, Ontario, Seneca, Cayuga, Yates, Steuben, Schuyler, Tompkins, Tioga, and Chemung County.

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