



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: December 30, 2020

REPORT NO: HAR21-001

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of January 26, 2021

SUBJECT: Preliminary Bond Authorization for Bandar Salaam Apartments

COUNCIL DISTRICT: 9

REQUESTED ACTION

Take initial steps for the Housing Authority of the City of San Diego to issue up to \$13,500,000 of tax-exempt Multifamily Housing Revenue Bonds to facilitate the rehabilitation of the Bandar Salaam Apartments, a 68-unit affordable rental housing development, to be located at 3810 Winona Avenue, San Diego, CA 92105, which will consist of 67 units that will remain affordable for 55 years for low- and very low-income families and one unrestricted manager's unit.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Approve the following preliminary steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds to facilitate the rehabilitation of the Bandar Salaam Apartments, a 68-unit affordable rental housing development, located at 3810 Winona Avenue, San Diego, CA 92105, which will consist of 67 units that will remain affordable for 55 years for low- and very low-income families and one unrestricted manager's unit:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$13,500,000 in tax-exempt Multifamily Housing Revenue Bonds for the rehabilitation of Bandar Salaam Apartments by Winona Avenue Housing Associates, L.P., (a limited partnership formed by the developer, Community Housing Works).
 - b. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt Multifamily Housing Bonds in an amount up to \$13,500,000 for Bandar Salaam Apartments. Issuance of the bonds will require Housing Authority approval at a later date; and
 - c. Approve a bond financing team of Quint and Thimmig as Bond Counsel, and CSG as Bond Financial Advisor.
- 2) Authorize the San Diego Housing Commission's (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel and the Bond Counsel, and to take such actions as are

necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 - Development Details

Address	3810 Winona Avenue, San Diego CA 92105
Council District	9
Community Plan Area	City Heights Area Planning Committee
Developer	Community Housing Works
Development Type	Rehabilitation
Construction Type	Type V
Parking Type	88 (68 assigned + 20 open) surface spaces
Housing Type	Large Unit Multifamily
Lot Size	2.92 acres
Units	68
Density	23.3 Units/Acre
Unit Mix	16 one-bedroom, 31 two-bedroom, 16 three-bedroom, 2 four-bedroom, 2 five-bedroom, 1 Manager
Gross Building Area	56,976
Net Rentable Area	51,268
Commercial/Retail Space	None
Project Based Housing Vouchers	None

The Development

Bandar Salaam Apartments is a multifamily affordable housing development located at 3810 Winona Avenue in the Colina Park neighborhood of City Heights in San Diego (Attachment 2 – Site Map). The proposed development will entail that a Community Housing Works affiliate acquire and rehabilitate the property – upgrading site, exterior and interior features. Planned site improvements include; ADA upgrades of paths of travel and parking spaces, replacement of the drainage systems, new landscaping, repair and replacement of perimeter fencing, new security cameras and lights as well as upgrades to the tot lot to address code and safety issues. Each of the six buildings will receive new roofs, along with new dual pane windows and replacement of older HVAC modules. Unit interiors will receive replacement of bathtubs, countertops, flooring, cabinets, appliances, and dry wall patch and paint.

Developer's Request

Community Housing Works (CHW) proposes to rehabilitate the development with financing that would include tax-exempt Multifamily Housing Revenue Bonds, 4 percent tax credits from the California Tax Credit Allocation Committee (CTCAC), partial continuation of an existing Housing Commission loan, and other third-party necessary financing as described in this report.

The Property

The property is located a block south of University Avenue on Winona Avenue, and just west of 54th Street in the Mid-City San Diego neighborhood of Colina Park. The development was built in 1971, and includes six buildings that are composed of a mix of 68 one-, two-, three-, four- and five-bedroom apartments on a 2.91-acre site.

To the north are Colina Del Sol Park and Golf Course, Fay Elementary School and Vien Dong supermarket. Northgate Market, Burlington Coat Factory, Jacob Healthcare Center and New Roots Community Farm are all located within a half mile. The property is served by the several major transit lines that run along both 54th street and University Avenue.

Appraisal and Sale Price

On September 10, 2020, the property was appraised by James G. Paler Appraisals, Inc. at \$10,800,000.

Prevailing Wages

The proposed project is not subject to payment of state or federal prevailing wages. State prevailing wages do not apply because the California Department of Industrial Relations (DIR) has concluded that certain tax-exempt bond financing mechanisms used for multifamily housing projects are exempt from prevailing wage requirements. Public Works Case No. 2004-016, Rancho Santa Fe Village Senior Affordable Housing Project (Feb. 25, 2005) (involving conduit bond financing); Public Works Case No. 2004-049, Silverado Creek Family Apartments (May 27, 2005) (involving private placement bonds). The DIR explained that these bond financing mechanisms do not involve “the payment of money or the equivalent of money by the state or political subdivision” and do not require the payment of prevailing wages under California Labor Code section 1720(b)(1) because the bond proceeds never enter the public agency’s coffers. Payment of federal prevailing wages are not required as no federal funds are involved in this action.

Relocation

The development team does not anticipate permanently displacing any tenants. Temporary relocation, for the units that require relocation is expected to last approximately one week per unit. The development team has engaged a relocation consultant to develop a relocation plan. CHW will deliver the plan to Housing Commission staff for review prior to the subject development’s application to CDLAC for tax-exempt Multifamily Housing Revenue Bonds. The development team has budgeted \$243,000 to cover temporary relocation expenses during the rehabilitation period.

Accessibility

CTCAC regulations currently require developers to ensure wheelchair accessibility in 10 percent of the units, and that 4 percent of the units be accessible to residents with visual and/or hearing impairment. CHW will increase the total number of Bandar Salaam’s ADA compliant apartments to seven to meet this requirement. The developer is also creating additional ADA parking spaces as companion for those units.

Project Sustainability

The proposed rehabilitation will meet or exceed relevant CTCAC regulatory and related local requirements for energy efficiency and sustainability. To achieve this, CHW’s rehabilitation of Bandar Salaam will include the installation of site wide LED lighting updates, water-efficient landscaping and dual pane, energy-efficient windows, energy star appliances and replacement solar water heaters and photovoltaic solar panels (as required).

Development Team

CHW, a local 501(c)(3) nonprofit, is the developer. The proposed borrower will be Winona Avenue Housing Associates L.P., which will include CHW Winona LLC as its General Partner, the nonprofit CHW as the sole member/manager, and a to-be-determined tax credit investor limited partner (Attachment 3 – Organization Chart). CHW was formed in 2002 by the merger of Community Housing of North County and San Diego Neighborhood Housing Services. CHW has won many national, statewide, and regional awards for development excellence. They are a provider of multiple social services. CHW's mission is to revitalize neighborhoods through the creation of affordable housing with services for residents. CHW owns more than 3,670 apartments in 42 communities statewide, serving more than 9,000 families. CHW has developed a number of affordable housing developments utilizing Housing Commission loans, including the 75-unit North Park Seniors; 70-unit Mayberry Townhomes; 83-unit Kalos Apartments; 67-unit Alabama Manor; and 108-unit Las Serenas. CHW is in full compliance on its previous Housing Commission-funded loans. Based upon the developer's past experience and performance, Housing Commission staff has determined that the developer has the capacity to successfully complete the proposed Bandar Salaam Apartments project.

Table 2 Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developers	Community Housing Works
Owner/Borrower	Winona Avenue Housing Associates, L.P.
Managing General Partner	CHW Winona Avenue, LLC
Tax Credit Investor Limited Partner	TBD
Architect	The John Stewart Company
General Contractor	Sun Country Builders
Property Management	ConAm Management Corporation
Construction and Permanent Lender	TBD

Property Management

Bandar Salaam Apartments will be managed by ConAm Management Corporation (ConAm). Established in 1975, ConAm is a nationwide management company with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. It is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments. ConAm manages 34 developments for CHW. CHW's Asset Management Department will oversee ConAm.

FINANCING STRUCTURE

Bandar Salaam Apartments has an estimated total development cost of \$22,312,445 (\$328,124/unit). Financing will include a combination of sources as described in Table 3. The developer's current pro forma is included as Attachment 4 and is summarized below.

Table 3 – Bandar Salaam Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan	\$4,143,000	Property acquisition:	\$10,809,000	\$158,956
Seller Carryback	\$7,023,274	Construction costs \$4,726,192	\$5,198,883	
		Contingency + \$472,691		\$76,454
		Total construction \$5,198,883		
San Diego Housing Commission Assumed Principal + Interest	\$2,626,685	Financing costs	\$367,968	\$5,411
Limited Partners (LIHTC Equity)	\$6,411,779	Other soft costs	\$2,683,237	\$39,459
Contributed Developer Fee	\$1,451,917	City permits and impact fees	\$125,000	\$1,838
GP Capital & Reserves	\$393,369	Developer's fee	\$2,651,917	\$38,999
Income From Operations	\$262,421	Reserves	\$476,440	\$7,006
Total Sources	\$22,312,445	Total Uses	\$22,312,445	\$328,124

CHW proposes to finance the development with the use of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bond financing, a seller carryback note, assumed debt from the Housing Commission and commitment of income from operations and a portion of the developer fee.

Developer Fee

\$2,651,917 – Gross Developer Fee

- 1,451,917 – Minus Contributed Developer Fee

\$1,200,000 – Net Cash Developer Fee (paid from development sources)

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (Report No. HAR17-011; Resolution No. HA- 1727)). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The proposed developer fee, complies with the HAR17-011 “Request for Approval of Updated Developer Fees” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

Housing Commission staff has identified development cost performance indicators, which were used to evaluate the proposed development and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$22,312,445 \div 68 \text{ units} =$	\$328,124
Housing Commission Subsidy Per Unit (New loan funds)	N/A	\$0
Acquisition Cost Per Unit	$\$10,809,000 \div 68 \text{ units}$	\$158,956
Gross Building Square Foot Hard Cost	$\$5,198,883 \div 56,976 \text{ sq. ft.} =$	\$91
Net Rentable Square Foot Hard Cost	$\$5,198,883 \div 51,528 \text{ sq. ft.} =$	\$101

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over previous years are listed in Table 5. These developments are similar in terms of new construction, target population and construction type and are provided as a comparison to Bandar Salaam Apartments.

		Unit Mix	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject Bandar Salam	2020	16 one-bedroom, 31 two-bedrooms, 16 three-bedrooms, 2 four-bedrooms, 2 five-bedrooms, and 1 manager	68	\$22,312,445 (no prevailing wage)	\$328,124	\$0	\$91
Zephyr	2019	82 Living Units and 1 manager	85	\$27,225,500	\$320,300	\$35,294	\$180
Harbor View	2018	24 two-bedrooms, 35 three-bedrooms and 1 manager	60	\$12,096,464 (no prevailing wage)	\$201,608	\$0	\$39
Parkside	2018	5 one-bedrooms, 29 two-bedrooms, 5 three-bedrooms and 1 manager	40	\$10,668,798 (no prevailing wage)	\$266,720	\$48,556	\$97

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to CDLAC application

submittal, and a City Council TEFRA resolution must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond application to CDLAC in January 2021 and to obtain a bond allocation at CDLAC's April 2021 meeting. If necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development. The developer will be seeking a CDLAC bond allocation of up to \$13,500,000. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City's ordinance on bond disclosure. The bond amount that is ultimately issued will be based upon development costs, revenues, and interest rates prevailing at the time of bond issuance.

The developer proposes that the bonds will be used for acquisition, construction, and permanent financing. Housing Commission staff will return later to both the Housing Commission and Housing Authority for approval of the final bond amount. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Staff recommends assigning Quint and Thimmig as Bond Counsel and CSG as Bond Financial Advisor to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission's Bond Policy.

AFFORDABLE HOUSING IMPACT

Under the proposed bond financing, Bandar Salaam Apartments would restrict 30 of its apartments to households with income at or below 45 percent of San Diego Area Median Income (AMI). The remaining 27 affordable apartments would be restricted to households with income at or below 50 percent of AMI. All affordable units will be restricted for a 55-year term. Table 6 summarizes the affordability:

Table 6 Bandar Salaam Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
1BR	45%	4	\$903
1BR	50%	12	\$993
2BR	45%	6	\$1,149
2BR	50%	25	\$1,177
3BR	45%	16	\$1,234
4BR	45%	2	\$1,345
5BR	45%	2	\$1,541
Manager	NA	1	0
Total Units	-	68	-

The rent and occupancy restrictions required by the Housing Commission and by CTCAC will be applicable. The tax credit restricted units and/or the Housing Commission loan's restricted units may be counted against the same specific units. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2021 Housing Commission Budget.

Estimated funding sources approved by this action will be as follows:

- Bond Issuance Fee - \$33,750 (\$13,500,000 bond amount x .0025)
- **Total Funding Sources - up to \$2,100,000 (existing SDHC loan)**

Estimated funding uses approved by this action will be as follows:

- Administrative Cost - up to \$33,750
- Community Housing Works is paying off the interest on a previous Housing Commission loan in the amount of \$1,185,064 and the existing principal of \$2,100,000 will continue, with the loan term extended.
- Total Funding Uses - up to \$33,750

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City, or the Housing Authority, would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as the Housing Commission's Bond Counsel and Financial Advisor fees.

Development Schedule

Milestones

- Housing Authority Consideration
- City Council IRS-required TEFRA hearing
- CDLAC bond & TCAC tax credit application
- CDLAC & CTCAC allocation meetings
- Housing Authority final bond authorization
- Estimated bond issuance and escrow/loan closing
- Estimated start of construction work
- Estimated completion of construction work

Estimated Dates

- January 26, 2021
- January 26, 2021
- January 28, 2021
- April 28, 2021
- May 6, 2021
- May 18, 2021
- June 2021
- January 2023

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The proposed development is located in the Colina Park neighborhood of City Heights. The project will be presented for review by the City Heights Area Planning Committee prior to final bond authorization.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include CHW as the developer, the neighborhoods of Colina Park and City Heights and the tenant occupants. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the tenants, and preserve 67 affordable rental homes for area families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 6.

ENVIRONMENTAL REVIEW

This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of preliminary steps to issue bonds and do not constitute approval of the development activity or authorization for the issuance of bonds. Future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency. Further, the proposed rehabilitation is categorically exempt from the requirements of CEQA pursuant to Section 15301 and 15302 of the State CEQA Guidelines because the project is an existing facility and the proposed rehabilitation involves replacement or reconstruction and no expansion of use. Processing under the National Environmental Policy Act (NEPA) is not required as no federal funds are involved in this action.

Respectfully submitted,

Kwofi Reed

Housing Programs Manager
Real Estate Division

Approved by,

Jeff Davis

Deputy Chief Executive Officer
San Diego Housing Commission

Attachments: 1. Development Summary
2. Site Map
3. Organization Chart
4. Developer's Project Pro Forma
5. Multifamily Housing Revenue Bond Program
6. Developer's Disclosure Statement

Docket materials are available in the "Governance & Legislative Affairs section of the San Diego Housing Commission website at www.sdhc.org

Development Summary – Bandar Salaam Apartments**Table 1 – Development Details**

Address	3810 Winona Avenue, San Diego CA 92105
Council District	9
Community Plan Area	City Heights Area Planning Committee
Developer	Community Housing Works
Development Type	Rehabilitation
Construction Type	Type V
Parking Type	88 (68 assigned + 20 open) surface spaces
Housing Type	Large Unit Multifamily
Lot Size	2.92 acres
Units	68
Density	23.3 Units/Acre
Unit Mix	16 one-bedroom, 31 two-bedroom, 16 three-bedroom, 2 four-bedroom, 2 five-bedroom, 1 Manager
Gross Building Area	56,976
Net Rentable Area	51,268
Commercial/Retail Space	None
Project Based Housing Vouchers	None

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developers	Community Housing Works
Owner/Borrower	Winona Avenue Housing Associates, L.P.
Managing General Partner	CHW Winona Avenue, LLC
Tax Credit Investor Limited Partner	TBD
Architect	The John Stewart Company
General Contractor	Sun Country Builders
Property Management	ConAm Management Corporation
Construction and Permanent Lender	TBD

Table 3 –Estimated Sources and Uses of Financing

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent Loan	\$4,143,000	Property acquisition:	\$10,809,000	\$158,956
Seller Carryback	\$7,023,274	Construction costs \$4,726,192	\$5,198,883	
		Contingency <u>+ \$472,691</u>		\$76,454
		Total construction \$5,198,883		
San Diego Housing Commission Assumed Principal + Interest	\$2,626,685	Financing costs	\$367,968	\$5,411
Limited Partners (LIHTC Equity)	\$6,411,779	Other soft costs	\$2,683,237	\$39,459
Contributed Developer Fee	\$1,451,917	City permits and impact fees	\$125,000	\$1,838
GP Capital & Reserves	\$393,369	Developer's fee	\$2,651,917	\$38,999
Income From Operations	\$262,421	Reserves	\$476,440	\$7,006
Total Sources	\$22,312,445	Total Uses	\$22,312,445	\$328,124

Table 4 – Key Performance Indicators

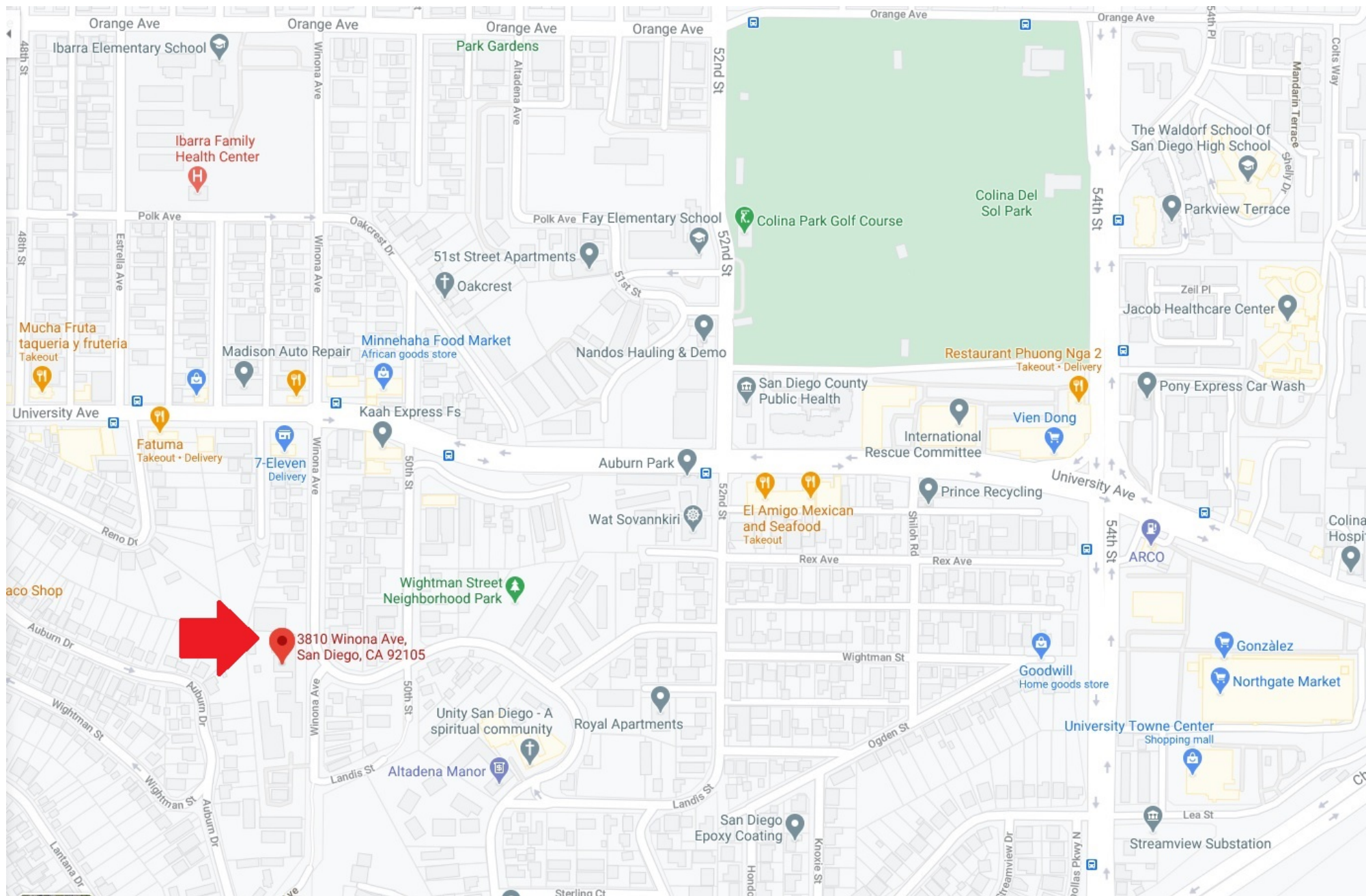
Development Cost Per Unit	$\$22,312,445 \div 68 \text{ units} =$	\$328,124
Housing Commission Subsidy Per Unit (New loan funds)	N/A	\$0
Acquisition Cost Per Unit	$\$10,809,000 \div 68 \text{ units}$	\$158,956
Gross Building Square Foot Hard Cost	$\$5,198,883 \div 56,976 \text{ sq. ft.} =$	\$91
Net Rentable Square Foot Hard Cost	$\$5,198,883 \div 51,528 \text{ sq. ft.} =$	\$101

Table 5 – Comparable New Construction Projects

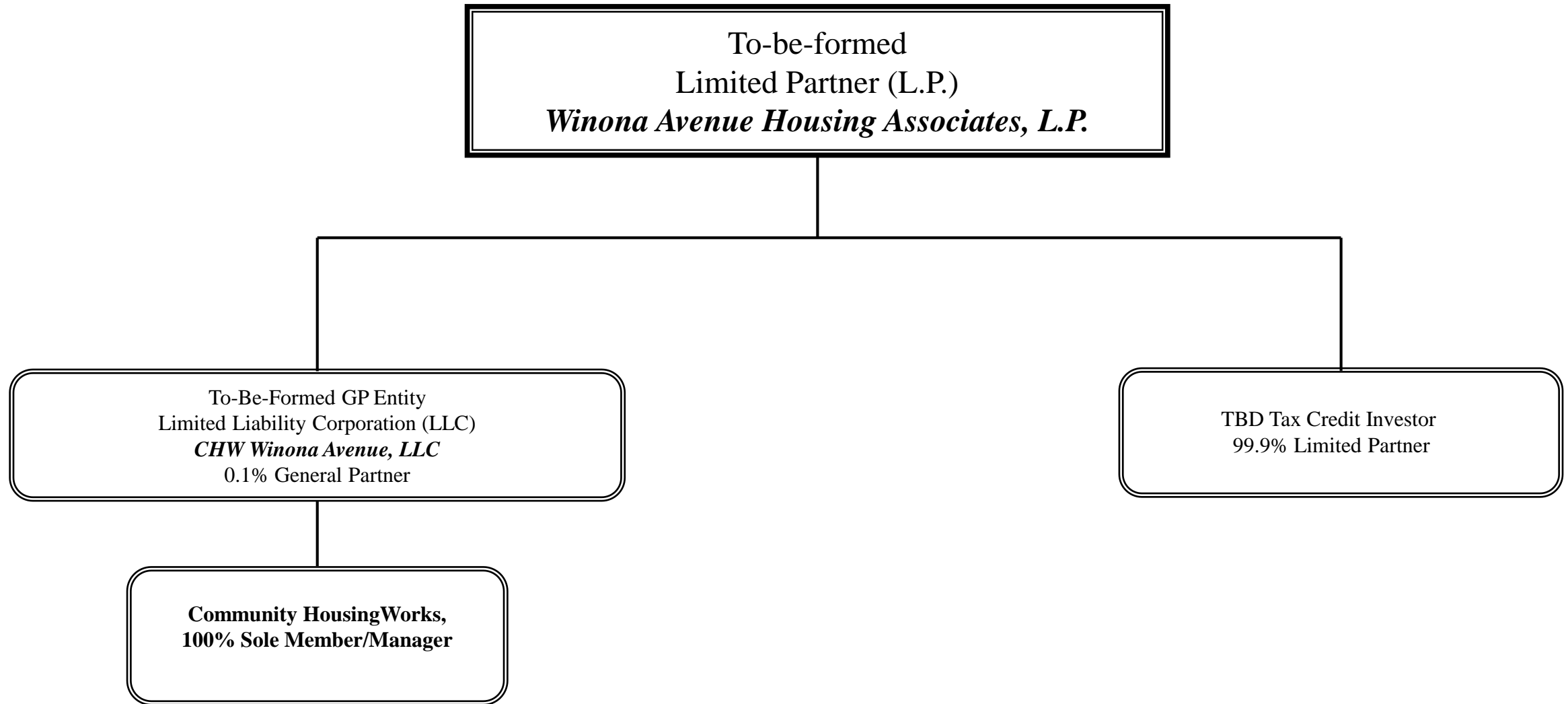
		Unit Mix	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject Bandar Salam	2020	16 one-bedroom, 31 two-bedrooms, 16 three-bedrooms, 2 four-bedrooms, 2 five-bedrooms, and 1 manager	68	\$22,312,445 (no prevailing wage)	\$328,124	\$0	\$91
Zephyr	2019	82 Living Units and 1 manager	85	\$27,225,500 (prevailing wage)	\$320,300	\$35,294	\$180
Harbor View	2018	24 two-bedrooms, 35 three-bedrooms and 1 manager	60	\$12,096,464 (no prevailing wage)	\$201,608	\$0	\$39
Parkside	2018	5 one-bedrooms, 29 two-bedrooms, 5 three-bedrooms and 1 manager	40	\$10,668,798 (no prevailing wage)	\$266,720	\$48,556	\$97

Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
1BR	45%	4	\$903
1BR	50%	12	\$993
2BR	45%	6	\$1,149
2BR	50%	25	\$1,177
3BR	45%	16	\$1,234
4BR	45%	2	\$1,345
5BR	45%	2	\$1,541
Manager	NA	1	0
Total Units	-	68	-



Syndication Tax Credit Limited Partnership Entity Structure



Bandar

Prepared For:	Commnity HousingWorks
Prepared By:	California Housing Partnership Corporation
Version:	Feasibility v1.2
Revised:	12/14/2020
Filename:	Bandar Feasibility v1.2.xlsm

TABLE OF CONTENTS

Sources of Funds.....	1	Cash Flow (Residential).....	11a
Uses of Funds.....	2	Cash Flow (Commercial)	11b
Developer Fee Calculation.....	3	Outstanding Debt & Reserves (Book).....	12a
Unit Mix & Rental Income.....	4	Outstanding Debt & Reserves (Tax).....	12b
Tax Credit Calculation.....	5	Net Cash Flow Fee Accruals.....	12c
Base Year Income & Expense.....	6	Schedule of Existing Debt.....	12d
Mortgage Calculation & Bond Ratios.....	7	Schedule of Deductions.....	13
Lease-up/Placed-in-Service Schedule.....	8	Analysis of Taxable Income.....	14
Net Syndication Proceeds.....	9	Capital Account & Exit Tax Liability.....	15
TCAC Calculations.....	10a	Investment Summary.....	16
TCAC Transfer Event Calculation.....	10b	Net Quarterly Benefits.....	17

SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS
Conventional Perm Loan - A Tranche	4,143,000	4.000%		30.0	<i>Total Permanent Debt: 4,143,000</i>
Seller Carryback Loan	6,867,772	1.120%	1.120%	55.0	<i>Term - 30 (yrs.) Index - 10Y T - 0.800% Spread - 280 bps</i>
Accrued Deferred Interest - Seller Carry	155,501				
SDHC Assumed Principal	2,100,000	3.000%	1.788%	55.0	<i>Per Unit: 30,882</i>
SDGC Assumed Interest	476,195				
Accrued Deferred Interest - SDHC Assu	50,490				
Income from Operations	262,421				
Deferred Developer Fee	0				<i>Cash Developer Fee 1,200,000</i>
Capital Contributions					
General Partner (Developer Fee)	1,451,917				<i>Total LP capital includes release of bond collateral funded during construction</i>
GP Capital	100				<i>Synd Costs 185,126</i>
GP Capital - Reserves	393,269				<i>Net Equity for TCAC 6,226,653</i>
Limited Partners	6,411,779				<i>Fed LIHTC: \$0.91</i>
TOTAL SOURCES	22,312,445				
<i>Surplus/(Shortfall)</i>	<i>(0)</i>				

PERMANENT LOAN INTEREST RATE	TRANCHE A	TRANCHE B	INVESTOR EQUITY STACK	OTHER ASSUMPTIONS
Base Rate	3.600%	3.600%		
Cushion	0.400%	0.400%	LIHTC Equity (Federal+Ste	Current AFR: 1.12%
MIP	0.000%	0.000%	Historic Tax Credit	AFR Month: 1/1/17
GNMA/Servicing	0.000%	0.000%	Investment Tax Credit (Sol	AFR Cushion: 0.00%
Issuer	0.000%	0.000%	<i>0 Issuer min/y</i>	Total U/W AFR: 1.12%
Trustee	0.000%	0.000%	<i>0 per annum</i>	
Rating	0.000%	0.000%	<i>0 per annum</i>	
Remarketing	0.000%	0.000%	<i>0 per annum</i>	
Rebate Analyst	0.000%	0.000%	<i>0 per annum</i>	
Total	4.000%	4.000%	Subtotal LP Equity 6,411,779	
			Total Investor Equity 6,411,779	

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS
Tax-Exempt Construction Loan	12,377,767	4.250%	24	
Seller Carryback Loan	3,099,208	1.120%	24	<i>Tax-Exempt</i>
Accrued Deferred Interest - Seller Carry	155,501			
SDHC Assumed Principal	2,100,000	3.000%	24	
SDGC Assumed Interest	476,195			
Accrued Deferred Interest - SDHC Assu	50,490			
Costs Deferred Until Conversion	1,566,820			<i>See page 2 - right column</i>
Income from Operations	0			
Deferred Developer Fee	0			
Capital Contributions				
General Partner (Developer Fee)	1,451,917			<i>LP Equity - Construction Period</i>
GP Capital	100			<i>LP Equity used for constructi</i>
GP Capital - Reserves	393,269			<i>LP Equity used for bond colla</i>
Limited Partners*	641,178			<i>Total Equity During Constr</i>
TOTAL SOURCES	22,312,445			<i>Net Equity for TCAC 456,052</i>
<i>Surplus/(Shortfall)</i>	<i>0</i>			<i>Less Costs Deferred to Conve 21,671,267</i>
Sources Less Deferred To Conversion:	20,745,625			

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: LIBOR	Restricted NOI 272,997	50% Test (see Page 7): 60.00%
Current Index: 0.40%	OAR 2.00%	Issuer Inducement: TBD
Spread: 2.85%	FMV per NOI 13,649,860	CDLAC Allocation: TBD
Base Interest Rate (not including cushi	Agg. Credit Value @ 0.91 6,411,779	Percent of CDLAC Allocation Us 0.00%
Cushion - Total 1.00%	Perm-Only Soft Debt 0	Const-only portion: 8,234,767
Interest Rate (All-In) 4.25%	Total Value 20,061,639	
	LTV: 100.00%	
	Max. Const. Loan Amount 20,061,639	CDLAC Limit 31,035,000
	Commitment Amount TBD	12,377,767

SELLER POSITION

<u>Proceeds of Sale:</u>		<u>Uses of Cash to Seller:</u>		
Sales Price	10,800,000	Incl. Reserves & Person Cash to Seller	1,356,033	1,170,221 <i>Total SDHC interest</i>
Seller Carryback Note	(6,867,772)	Repayment of Debt	(662,007)	694,026 <i>Repayment of SDHC interest</i>
Assumed Debt	(2,576,195)	Repayment of SDHC inter:	(694,026)	476,195 <i>Assumed SDHC interest</i>
Allocation toward GP Loan	0			
Cash to Seller	1,356,033	Net Cash to Seller	0	

Uses of Funds

Version: Feasibility v1.2

Res Cost: Res Sq Foot:			100.00% 100.00%		COST ALLOCATIONS					LIHTC ELIGIBLE BASIS		OTHER BASIS & COST ALLOCATIONS			
			Total	Total Non-	Depreciable				Constr./		Deferred to Completion or	Land/Basis for	Historic Rehab Tax Credit	ITC Tax Credit Basis	
				Non-											
			Residential	Residential	Depreciable	Residential	Non-Resid.	Expensed	Amortized	Rehab	Acquisition	Perm Conv.	50% Test	Basis	(Solar PV)
TOTAL			Per Unit												
ACQUISITION COSTS															
Total Purchase Price - Real Estate: 10,800,000															
Land - Bandar	298,000	4,382	298,000	0	298,000							0	298,000		
Building - Bandar	10,502,000	154,441	10,502,000	0		10,502,000	0			#####		0	#####		
Title/Recording/Escrow - Acquisition	4,500	66	4,500	0	124	4,376	0			4,376		0	4,500		
Legal - Acquisition	4,450	65	4,450	0	123	4,327	0			4,327		0	4,450		
HARD COSTS															
Total Construction Contract: 4,726,192 60,000															
REHAB															
Hard Costs-Unit Construction	4,080,000	60,000	4,080,000	0		4,080,000	0			4,080,000		0	4,080,000	4,080,000	
Personal Property in Construction Contract	0	-	0	0		0	0			0		0	0	0	
Site Improvements/Landscape	0	-	0	0		0	0			0		0	0	0	
GC - General Conditions	244,800	3,600	244,800	0		244,800	0			244,800		0	244,800	244,800	
GC - Overhead & Profit	326,400	4,800	326,400	0		326,400	0			326,400		0	326,400	326,400	
GC - Insurance	29,265	430	29,265	0		29,265	0			29,265		0	29,265	29,265	
GC - Bond Premium	45,727	672	45,727	0		45,727	0			45,727		0	45,727	45,727	
Contingency - Owner's Construction	472,619	6,950	472,619	0		472,619	0			472,619		0	472,619	472,619	
SOFT COSTS															
Architecture - Design	450,000	6,618	450,000	0		450,000	0			450,000		0	450,000	450,000	0
Architecture - Supervision	20,000	294	20,000	0		20,000	0			20,000		0	20,000	20,000	0
Owner Repair Costs	30,000	441	30,000	0		30,000	0			30,000		0	30,000	30,000	
Design/Engineering - Civil	50,000	735	50,000	0		50,000	0			50,000		0	50,000	50,000	
Geotech/Soils Report	0	-	0	0		0	0			0		0	0	0	
Phase I/II/Toxics Report	60,000	882	60,000	0		60,000	0			60,000		0	60,000	60,000	
PNA/CNA Report	10,000	147	10,000	0		10,000	0			10,000		0	10,000	10,000	
ALTA Survey	25,000	368	25,000	0		25,000	0			25,000		0	25,000	25,000	
LEED / HERS Rater	20,000	294	20,000	0		20,000	0			20,000		0	20,000	20,000	
Owner's Rep / Construction Supervision	0	-	0	0		0	0			0		0	0	0	0
Local Development Impact Fees	0	-	0	0		0	0			0		0	0	0	
Local Permits/Fees	125,000	1,838	125,000	0		125,000	0			125,000		0	125,000	125,000	
Utility Connection Fees	0	-	0	0		0	0			0		0	0	0	0
Security During Const	0	-	0	0		0	0			0		0	0	0	0
Relocation - Temporary (Rehab)	243,000	3,574	243,000	0		243,000	0			243,000		0	243,000	243,000	
Relocation - Permanent	0	-	0	0		0	0			0		0	0	0	
Real Estate Taxes During Const	0	-	0	0		0	0	0		0		0	0	0	
Insurance During Const	66,781	982	66,781	0		66,781	0			66,781		0	66,781	66,781	0
Appraisal	5,000	74	5,000	0		5,000	0			5,000		0	5,000	5,000	
Market/Rent Comp Study	2,500	37	2,500	0					2,500	0		0	0	0	
Printing/Owner Costs	0	-	0	0		0	0			0		0	0	0	
Soft Cost - Other Soft Lender Fees	116,500	1,713	116,500	0		58,250	0	58,250		58,250		0	58,250	58,250	
Soft Cost Contingency	187,007	2,750	187,007	0		187,007	0			187,007		0	187,007	187,007	
Predev. Loan Interest/Fees	53,504	787	53,504	0		0	0	53,504		0	0	0	0	0	
Construction Loan Interest	697,023	10,250	697,023	0		433,995	0	263,028		433,995		0	433,995	433,995	0
Construction Loan Interest - Tail	0	-	0	0		0	0	0		0		0	0	0	0
Cash Collateralized Bond Interest	0	-	0	0		0	0	0		0		0	0	0	0
Accrued Interest - Seller Carryback Loan	155,501	2,287	155,501	0		0	0	155,501		0	0	0	0	0	
Accrued Interest - SDHC Assumed Principal	50,490	743	50,490	0		19,531	0	30,959		19,531		0	19,531	19,531	
Title/Recording/Escrow - Construction	25,000	368	25,000	0		25,000	0			25,000		0	25,000	25,000	
Title/Recording/Escrow - Permanent	25,000	368	25,000	0					25,000			25,000			
Title/Recording/Escrow - Syndication	0	-	0	0								0			
Legal (Owner): Construction Closing	55,000	809	55,000	0		55,000	0			55,000		0	55,000	55,000	
Permanent Closing	0	-	0	0					0			0			
Organization of Partnership	826	12	826	0					826			0			
Syndication - GP	0	-	0	0		0						0			
Syndication - LP	74,300	1,093	74,300	0		74,300						0			
Syndication Consulting	70,000	1,029	70,000	0		70,000						2,500			
Audit/Cost Certification	40,000	588	40,000	0				40,000				0			
TCAC Application/Res/Monitoring Fee	35,927	528	35,927	0					35,927			27,880			
Marketing	30,000	441	30,000	0				30,000				0			
Furnishings Not in Contract	60,000	882	60,000	0		60,000	0			60,000		0	60,000		
Start-up /Lease-up Expenses	25,000	368	25,000	0				25,000				0			
Capitalized Replacement Reserve	68,000	1,000	68,000	0		68,000						68,000			
Capitalized Operating Reserve (6 mos.)	408,440	6,006	408,440	0		408,440						408,440			
Developer Fee	2,651,917	38,999	2,651,917	0		2,651,917	0			1,075,312	1,576,605	1,020,000	2,651,917	1,075,312	-
COSTS OF ISSUANCE/FINANCING FEES															
Bond Counsel	60,000	882	60,000	0		0	0		60,000	0		0	0	0	
Issuer Application Fee	5,000	74	5,000	0		0	0		5,000	0		0	0	0	
Issuer Fee - Upfront	18,208	268	18,208	0		0	0		18,208	0		0	0	0	
Issuer Fee - Annual During Const.	24,756	364	24,756	0		0	0		24,756	0		0	0	0	
Construction Lender Origination Fee	123,778	1,820	123,778	0		13,914	0		109,863	13,914		0	13,914	13,914	
Construction Lender Expenses	50,800	747	50,800	0		5,711	0		45,089	5,711		0	5,711	5,711	
Construction Lender Counsel	60,000	882	60,000	0		6,745	0		53,255	6,745		0	6,745	6,745	
Permanent Loan Origination Fee	0	0	0	0		0	0		0	0		0	0	0	
Trustee Fee During Construction	3,000	44	3,000	0		0	0		3,000	0		0	0	0	
CDLAC Fee	4,332	64	4,332	0		0	0		4,332	0		0	0	0	
CDIAC Fee	3,094	46	3,094	0		0	0		3,094	0		0	0	0	
COI Contingency	0	0	0	0		0	0		0	0		0	0	0	
Subtotal - Financing/Costs of Issuance	367,968	5,411	367,968			0	26,370	0	341,598	26,370			26,370	26,370	0
TOTAL DEVELOPMENT COSTS															
TDC Per Unit	22,312,445	328,124	22,312,445	0	918,987	20,331,365	0	656,242	405,851	8,244,057	12,087,309	1,566,820	20,629,612	8,184,057	0
TDC Net of accrued interest:	22,106,454														
TDC TCAC	22,127,319		22,127,319												

Unit Mix & Rental Income

Version: Feasibility v1.2

AVERAGE AFFORDABILITY FOR LIHTC UNITS (% of Median)	47.76%
9% TCAC INCOME TARGETING POINTS:	50.00
RENT LIMITS AS OF YEAR:	2020

UTILITY ALLOWANCES	0BR	1BR	2BR	3BR	4BR	5BR
Bandar	-	62	82	105	129	152
	-	-	-	-	-	-

RESIDENTIAL INCOME

LIHTC - Tier 1		Bandar		TCAC		45% AMI		% of Units: 44.78%		Section 8 SUBSIDIZED					
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent		# of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
1BR	4	500	41.7%	903	913	841	3,364	40,368		0	1,938	1,097	0	0	40,368
2BR	6	800	44.2%	1,149	1,088	1,067	6,402	76,824		0	2,918	1,851	0	0	76,824
3BR	16	1,300	41.1%	1,234	1,246	1,129	18,064	216,768		0	3,895	2,766	0	0	216,768
4BR	2	1,600	40.1%	1,345	1,379	1,216	2,432	29,184		0	4,871	3,655	0	0	29,184
5BR	2	2,000	41.7%	1,541	1,511	1,389	2,778	33,336		0	5,848	4,459	0	0	33,336
TOTAL	30						33,040	396,480		0			0	0	396,480

LIHTC - Tier 2		Bandar		TCAC		50% AMI		% of Units: 0.00%		NOT 0					
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent		# of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
1BR	12	500	45.8%	993	1,021	931	11,172	134,064		0	0	0	0	0	134,064
2BR	25	800	45.3%	1,177	1,218	1,095	27,375	328,500		0	0	0	0	0	328,500
TOTAL	37						38,547	462,564		0			0	0	462,564

Staff Units - Site 1		Bandar		TCAC		Per Unit Monthly Gross Rent		Per Unit Regulatory Net Rent		Per Unit Actual Net Rent		Total Monthly Net Rent		Total Annual Net Rent	
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %												
3BR	1	1,300	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1											0	0	0	0

TOTAL RESIDENTIAL INCOME													
	Number	Total Monthly Net Rent	Total Annual Net Rent	Monthly Section 8 Income	Annual Section 8 Income	Monthly NA Income	Annual NA Income	Monthly Test C Income	Annual Test C Income	Monthly Test D Income	Annual Test D Income	Grand Total Income	Total Floor Area
LIHTC	67	71,587	859,044	0	0	0	0	0	0	0	0	859,044	60,800
Non-LIHTC	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff Units	1	0	0	0	0	0	0	0	0	0	0	0	1,300
TOTAL	68	71,587	859,044	0	0	0	0	0	0	0	0	859,044	62,100

MISCELLANEOUS INCOME			
	Per Unit Per Month	Monthly Total	Annual Total
Laundry / Vending	5.00	340	4,080
Other	42.00	2,856	34,272
Parking	0.00	0	0
TOTAL	47.00	3,196	38,352

SUBSIDIZED UNIT MIX SUMMARY						
Unit Type	Units With	Units With	Units With	Units With	Units	Total
0BR	0	0	0	0	0	0
1BR	0	0	0	0	0	16
2BR	0	0	0	0	0	31
3BR	0	0	0	0	0	17
TOTAL	0	0	0	0	0	68

SCATTERED SITE UNIT MIX SUMMARY														
LIHTC					Non-LIHTC					STAFF UNITS				
Unit Type	Bandar	0	0	0	0	Bandar	0	0	0	0	Bandar	0	0	0
0BR	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1BR	16	0	0	0	0	0	0	0	0	0	0	0	0	0
2BR	31	0	0	0	0	0	0	0	0	0	0	0	0	0
3BR	16	0	0	0	0	0	0	0	0	0	1	0	0	0
4BR	2	0	0	0	0	0	0	0	0	0	0	0	0	0
5BR	2	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	67	0	0	0	0	0	0	0	0	0	1	0	0	0

TOTAL ALL TYPES				
Unit Type	Bandar	0	0	0
0BR	0	0	0	0
1BR	16	0	0	0
2BR	31	0	0	0
3BR	17	0	0	0
4BR	2	0	0	0
5BR	2	0	0	0
TOTAL	68	0	0	0

Base Year Income & Expense

Version: Feasibility v1.2

INCOME		
Scheduled Gross Income - Residential		859,044
Misc. Income		38,352
Vacancy Loss - Residential	5.0%	(44,870)
EFFECTIVE GROSS INCOME		852,526
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	2,320	
Legal	169	
Accounting/Audit	6,685	
Security	728	
Other: Misc. Admin	13,366	
Total Administrative		23,268
Management Fee		40,800
Utilities		
Gas	16,148	
Electricity	1,008	
Water/Sewer	113,109	
Solar, Telephone	8,229	
Total Utilities		138,494
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	48,764	
Maintenance Payroll	46,004	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits	31,060	
Total Payroll/Payroll Taxes		125,828
Insurance		30,373
Maintenance		
Painting	18,682	
Repairs	75,213	
Trash Removal	44,174	
Exterminating	2,985	
Grounds	17,543	
Elevator	0	
Uniforms, Non-Routine Maintenance	1,469	
Total Maintenance		160,066
Other		
Special Assessments	0	
Misc. Tax/License	0	
Issuer/Trustee Fees	13,000	
Total Other		13,000
Resident Services		
Tenant Services	25,000	
Total Resident Services		25,000
Replacement Reserve		20,400
Real Estate Taxes		2,300
TOTAL EXPENSES - RESIDENTIAL		579,529
Per Unit Per Annum (incl. Reserves)	8,522	
Per Unit Per Annum (w/o taxes/res/svc))	7,821	
TOTAL EXPENSES - COMMERCIAL		0
NET AVAILABLE INCOME		
		272,997
Less: Mandatory Annual HCD Payment (Grossed Up for DSCR Factor)	1.15	0
Less: Ground Lease - Minimum Payment		0
Less: Local Compliance Fee		0
ADJUSTED NET AVAILABLE INCOME: TOTAL		272,997
Debt Service Coverage Ratio		1.15
AVAILABLE FOR DEBT SERVICE (NET OF OP SUBSIDY)		237,389
NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE		35,608

TCAC Cash Flow Test - Informational only; do not print or copy																Version: Feasibility v1.2
REVENUE	MULTIPLIER	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Gross Rent	1.025	\$859,044	\$880,520	\$902,533	\$925,096	\$948,224	\$971,929	\$996,228	\$1,021,133	\$1,046,662	\$1,072,828	\$1,099,649	\$1,127,140	\$1,155,319	\$1,184,202	\$1,213,807
Less Vacancy	5.00%	-42,952	-44,026	-45,127	-46,255	-47,411	-48,596	-49,811	-51,057	-52,333	-53,641	-54,982	-56,357	-57,766	-59,210	-60,690
Rental Subsidy	1.025	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Vacancy	5.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Income	1.025	38,352	\$39,311	\$40,294	\$41,301	\$42,333	\$43,392	\$44,477	\$45,588	\$46,728	\$47,896	\$49,094	\$50,321	\$51,579	\$52,869	\$54,190
Less Vacancy	5.00%	-1,918	-1,966	-2,015	-2,065	-2,117	-2,170	-2,224	-2,279	-2,336	-2,395	-2,455	-2,516	-2,579	-2,643	-2,710
Total Revenue		\$852,526	\$873,839	\$895,685	\$918,077	\$941,029	\$964,555	\$988,669	\$1,013,386	\$1,038,720	\$1,064,688	\$1,091,306	\$1,118,588	\$1,146,553	\$1,175,217	\$1,204,597
EXPENSES																
Operating Expenses:	1.035															
Administrative		\$23,268	\$24,082	\$24,925	\$25,798	\$26,701	\$27,635	\$28,602	\$29,603	\$30,640	\$31,712	\$32,822	\$33,971	\$35,160	\$36,390	\$37,664
Management		40,800	\$42,228	\$43,706	\$45,236	\$46,819	\$48,458	\$50,154	\$51,909	\$53,726	\$55,606	\$57,552	\$59,567	\$61,652	\$63,809	\$66,043
Utilities		136,494	\$143,341	\$148,358	\$153,551	\$158,925	\$164,487	\$170,244	\$176,203	\$182,370	\$188,753	\$195,359	\$202,197	\$209,274	\$216,599	\$224,179
Payroll & Payroll Taxes		125,828	\$130,232	\$134,790	\$139,508	\$144,391	\$149,444	\$154,675	\$160,088	\$165,691	\$171,491	\$177,493	\$183,705	\$190,135	\$196,789	\$203,677
Insurance		30,373	\$31,436	\$32,536	\$33,675	\$34,854	\$36,074	\$37,336	\$38,643	\$39,995	\$41,395	\$42,844	\$44,344	\$45,896	\$47,502	\$49,165
Maintenance		160,066	\$165,668	\$171,467	\$177,468	\$183,679	\$190,108	\$196,762	\$203,649	\$210,776	\$218,154	\$225,789	\$233,692	\$241,871	\$250,336	\$259,098
Other Operating Expenses (specify):		13,000	\$13,455	\$13,926	\$14,413	\$14,918	\$15,440	\$15,980	\$16,540	\$17,119	\$17,718	\$18,338	\$18,980	\$19,644	\$20,331	\$21,043
Total Operating Expenses		\$531,829	\$550,443	\$569,709	\$589,648	\$610,286	\$631,646	\$653,754	\$676,635	\$700,317	\$724,828	\$750,197	\$776,454	\$803,630	\$831,757	\$860,869
Tenant Internet Expense*	1.035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Amenities	1.035	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099	40,467
Replacement Reserve		20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400
Real Estate Taxes	1.020	2,300	2,346	2,393	2,441	2,490	2,539	2,590	2,642	2,695	2,749	2,804	2,860	2,917	2,975	3,035
Other (Specify):	1.035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (Specify):	1.035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses		\$579,529	\$599,064	\$619,282	\$640,207	\$661,864	\$684,278	\$707,475	\$731,484	\$756,332	\$782,049	\$808,666	\$836,213	\$864,724	\$894,231	\$924,771
Cash Flow Prior to Debt Service		\$272,997	\$274,775	\$276,403	\$277,870	\$279,166	\$280,278	\$281,194	\$281,902	\$282,388	\$282,639	\$282,640	\$282,375	\$281,829	\$280,985	\$279,826
MUST PAY DEBT SERVICE																
Mandatory Annual HCD Payment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT LOAN DEBT SERVICE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SERIES A DEBT SERVICE		237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352	237,352
TOTAL SERIES B DEBT SERVICE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service		\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352	\$237,352
Cash Flow After Debt Service		\$35,645	\$37,424	\$39,051	\$40,519	\$41,814	\$42,926	\$43,842	\$44,550	\$45,036	\$45,287	\$45,288	\$45,023	\$44,477	\$43,634	\$42,475
Percent of Gross Revenue		3.97%	4.07%	4.14%	4.19%	4.22%	4.23%	4.21%	4.18%	4.12%	4.04%	3.94%	3.82%	3.69%	3.53%	3.35%
25% Debt Service Test		15.02%	15.77%	16.46%	17.07%	17.62%	18.09%	18.47%	18.77%	18.97%	19.08%	19.08%	18.97%	18.74%	18.38%	17.90%
Debt Coverage Ratio		1.150	1.158	1.165	1.171	1.176	1.181	1.185	1.188	1.190	1.191	1.191	1.190	1.187	1.184	1.179

HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as “private activity” bonds because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City’s faith, credit or taxing power nor of the Housing Authority’s faith or credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally “AAA” or its equivalent with a minimum rating of “A” or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support (“credit enhancement”) by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an “Inducement Resolution” to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.
- **TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982):** To assure that projects making use of tax-exempt financing meet

appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: It is uncommon for the members of the City Council to be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- **Application for Bond Allocation:** The issuance of these “private activity bonds” (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- **Final Bond Approval:** The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- **Funding and Bond Administration:** All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the

bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.



**DEVELOPERS/CONSULTANTS/SELLERS/CONTRACTORS/
ENTITY SEEKING GRANT/BORROWERS
(Collectively referred to as "CONTRACTOR" herein)
Statement for Public Disclosure**

1. Name of CONTRACTOR: Community HousingWorks
2. Address and ZIP Code: 3111 Camino Del Rio North Suite 800, San Diego, CA 92108
3. Telephone Number: (619) 450-8710
4. Name of Principal Contact for CONTRACTOR: Mary Jane Jagodzinski, Senior Vice President
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-317950
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)

☐ A partnership known as: _____

(Name)

Check one:

☐ General Partnership (Attach Statement of General Partnership)

☐ Limited Partnership (Attach Certificate of Limited Partnership)

☐ A business association or a joint venture known as: _____

(Attach joint venture or business association agreement)

☐ A Federal, State or local government or instrumentality thereof.

☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
1988
8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10 percent of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10 percent.(Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	PLEASE SEE ATTACHED BOARD LIST
Address:	
Name:	
Address:	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.
Members may have changed. No change in the total count of board members has occurred.
10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.
A small number of board members may transition due to term limits and will be replaced.
11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8, which gives such person or entity more than a computed 10 percent interest in the CONTRACTOR (for example, more than 20 percent of the stock in a corporation that holds 50 percent of the stock of the CONTRACTOR, or more than 50 percent of the stock in the corporation that holds 20 percent of the stock of the CONTRACTOR):

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	NOT APPLICABLE
Address:	
Name:	
Address:	
Name:	
Address:	

12. Names, addresses and telephone numbers (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 8 or Item 11 above:

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	PLEASE SEE ATTACHED BOARD LIST
Address:	
Name:	
Address:	
Name:	
Address:	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of any nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name:	NO, NOT APPLICABLE
Address:	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement, as reflected in the **attached** financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position.

PLEASE REFER TO THE CHW CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS 2018 AND 2019

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

PLEASE REFER TO THE ATTACHED PROFORMA SOURCES AND USES

16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking: COMMUNITY HOUSINGWORKS WILL PROVIDE A COMPLETE LIST OF THESE SOURCES AND THE AMOUNT OF CASH AVAILABLE TO MEET THE PROPOSED EQUITY REQUIREMENTS AT A LATER DATE

- a. In banks/savings and loans:

Name:

Address:

Amount: \$ By loans from affiliated or associated corporations or firms:

Name:

Address:

Amount: \$

b. By sale of readily salable assets/including marketable securities:

Description	Market Value (\$)	Mortgages or Liens (\$)

17. Names and addresses of bank references, and name of contact at each reference:

Name and Address	Contact Name
Name:	PLEASE SEE ATTACHED BANK REFERENCE LIST
Address:	
Name:	
Address:	
Name:	
Address:	

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?

☐ Yes

☒ No

If yes, give date, place, and under what name.

N/A

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?

☐ Yes

☒ No

If yes, give for each case (1) date, (2) charge, (3) place, (4) court, and (5) action taken. Attach any explanation deemed necessary.

N/A

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR, including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
	PLEASE SEE ATTACHED LIST OF UNDERTAKINGS			

21. If the CONTRACTOR, or a parent corporation, a subsidiary, an affiliate, or a principal of the CONTRACTOR is to participate in the development as a construction contractor or builder, provide the following information:

- a. Name and addresses of such contractor or builder: NOT APPLICABLE

Name and Address	Affiliation
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ Yes ☐ No

If yes, please explain, in detail, each such instance:

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: \$_____

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

d. Construction contracts or developments now being performed by such contractor or builder:

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder:

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

PLEASE REFERE TO THE CHW DEVELOPER QUALIFICATIONS ATTACHED

23. Does any member of the governing body of SDHC, Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

☐ Yes ☒ No

If yes, explain:

N/A

- a. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:

N/A

- b. Is the proposed CONTRACTOR, and/or are any of the proposed subcontractors, currently involved in any construction-related litigation?

☐ Yes ☒ No

If yes, explain:

N/A

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following coverage's. List the amount of coverage (limits) currently existing in each category:

- a. General Liability, including Bodily Injury and Property Damage Insurance [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

- ☒ Comprehensive Form
- ☒ Premises - Operations
- ☐ Explosion and Collapse Hazard
- ☐ Underground Hazard
- ☒ Products/Completed Operations Hazard
- ☒ Contractual Insurance
- ☒ Broad Form Property Damage
- ☒ Independent Contractors
- ☒ Personal Injury

- b. Automobile Public Liability/Property Damage [Attach certificate of insurance showing the amount of coverage and coverage period(s)] CERTIFICATE ATTACHED

Check coverage(s) carried:

- ☒ Comprehensive Form
☒ Owned
☒ Hired
☒ Non-Owned

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)] CERTIFICATE ATTACHED

- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] NOT APPLICABLE

- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

CERTIFICATE ATTACHED

- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
NOT APPLICABLE

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, Commissioner, Councilperson, officer, or employee of SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has, during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement.
If none, please state:

Government Complaint	Entity Making	Date	Resolution
NONE			

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation?

☐ Yes

☒ No

If yes, please explain, in detail,
N/A

32. Please list all licenses obtained by the CONTRACTOR through the State of California and/or the United States of America, which are required and/or will be utilized by the CONTRACTOR and/or are convenient to the performance of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT, or RENDITION OF SERVICES. State the name of the governmental agency granting the license, type of license, date of grant, and the status of the license, together with a statement as to whether the license has ever been revoked:

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
CITY OF SAN DIEGO	BUSINESS LICENSE	B2004013671	1/1/2019	CURRENT	NO
	LICENSE ATTACHED				

33. Describe in detail any and all other facts, factors or conditions that may adversely affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, SALES of Real Property to, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with SDHC.
NONE

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with SDHC.

COMMUNITY HOUSINGWORKS HAS A PROUD HISTORY OF SUCCESSFUL CONTRACT ADMINISTRATION THAT WILL ASSURE ITS SUCCESSFUL COMPLETION OF THIS PROJECT. WE HAVE DEVELOPED AND CURRENTLY OWN AND OPERATE 6 AFFORDABLE HOUSING PROJECTS IN THE CITY OF SAN DIEGO AND HAVE MET OUR LOAN OBLIGATIONS WITH EACH.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, and SALES of Real Property to SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
	SEE ATTACHED LIST		

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)?

☐ Yes ☒ No

If yes, explain:
N/A

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?

☐ Yes ☒ No

If yes, explain:
N/A

38. List three local references that would be familiar with your previous construction projects:

1. Name: PLEASE SEE ATTACHED LIST

Address:

Phone:

Project Name and Description:

2. Name:

Address:

Phone:

Project Name and Description:

3. Name:

Address:

Phone:

Project Name and Description:

39. Give a brief statement regarding equipment, experience, financial capacity and other resources available to the CONTRACTOR for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment and the general experience of the CONTRACTOR.
NOT APPLICABLE

40. Give the name and experience of the proposed Construction Superintendent.

Name	Experience
TBD	

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information," if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information," if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this 26 day of October, 20 20, at San Diego, California.

CONTRACTOR

By: _____

Signature

Senior Vice President

Title

MARY JANE JAGODZINSKI

CERTIFICATION

The CONTRACTOR, Community HousingWorks hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: [Signature]

By: _____

Title: Senior Vice President

Title: _____

Dated: Oct 26, 2020

Dated: _____

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction or any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

JURAT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 26 day of October, 20 20

by Mary Jane Jagodzinski personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



[Signature]
Signature of Notary

SAN DIEGO HOUSING COMMISSION DEVELOPER DISCLOSURE STATEMENT

COMMUNITY HOUSINGWORKS LIST OF ATTACHMENTS

<u>QUESTION #</u>	<u>ATTACHMENT</u>
6	Articles of Incorporation and Nonprofit Status
8 & 12	Board Roster of Community HousingWorks (CHW)
14	CHW 2018 and 2019 Consolidated Financial Statements
15	Pro Forma Sources and Uses
17	Bank References
20	List of Previous Undertakings
22	CHW Developer Qualifications
26	Insurance Certificates
32	Business License
35	List of Contracts
38	Local References

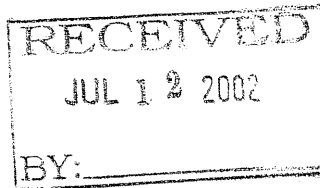
COMMUNITY HOUSINGWORKS
ARTICLES OF INCORPORATION AND
NONPROFIT STATUS

6. Articles of Incorporation and Nonprofit Status

LUCE FORWARD

ATTORNEYS AT LAW • FOUNDED 1873
LUCE, FORWARD, HAMILTON & SCRIPPS LLP

NANCY CRANE, PARALEGAL
DIRECT DIAL NUMBER 619.699.5473
DIRECT FAX NUMBER 619.645.5333
EMAIL ADDRESS NCRANE@LUCE.COM



600 West Broadway
Suite 2600
San Diego, CA 92101
619.236.1414
619.232.8311 fax
www.luce.com

July 9, 2002

24214-00001

Ms. Susan M. Reynolds
Community Housing of North County
1820 S. Escondido Blvd, #101
Escondido, CA 92025

Re: Amended and Restated Articles of Incorporation for Community Housing of North County

Dear Ms. Reynolds:

Enclosed for your records is a certified copy of the Amended and Restated Articles of Incorporation for Community Housing of North County changing the name of the corporation to Community HousingWorks. The Amended and Restated Articles were filed on July 1, 2002 by the California Secretary of State.

If you have any questions regarding this matter, please feel free to call me.

Very truly yours,

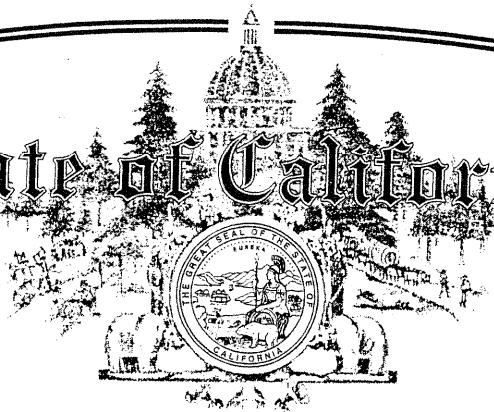
Nancy Crane
for

LUCE, FORWARD, HAMILTON & SCRIPPS LLP

NC/
Enclosure

cc: Dennis J. Doucette, Esq.

State of California



SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

JUL - 5 2002

Bill Jones

Secretary of State

State of California



SECRETARY OF STATE CERTIFICATE OF STATUS DOMESTIC CORPORATION

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the **20th day of June, 1988, COMMUNITY HOUSING WORKS** became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal
of the State of California this day
of August 21, 2002.



Bill Jones
BILL JONES
Secretary of State

ts

AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF
COMMUNITY HOUSING OF NORTH COUNTY

JUL - 1 2002

BILL JONES, Secretary of State

Jack Mawhinney and Michael Sprague certify that:

1. They are the President and Secretary, respectively, of COMMUNITY HOUSING OF NORTH COUNTY, a California Corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read in full as follows:

ARTICLE I

Name. The name of this corporation is: Community HousingWorks.

ARTICLE II

Character. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes, (within the meaning of Section 501(c)(3) of the Internal Revenue Code.)

ARTICLE III

Purpose. The purposes of the corporation are: (i) to lessen the burdens of government by developing affordable housing for low-income persons and low and moderate income families; (ii) to provide human services and housing on a non-profit basis to relieve the distress of the elderly, the physically handicapped and people with special needs; (iii) to combat community deterioration and preserve neighborhood stability by promoting community development, which improves housing and economic conditions as is appropriate; (iv) to assist in the facilitation of low to moderate income persons and families to secure affordable mortgage financing to support efforts in improving select neighborhoods and communities; (v) to provide below-market rate flexible capital and other services in order to increase and preserve homeownership opportunities among underserved low to moderate income households; (vi) to provide new housing opportunities that will assist in eliminating discrimination and prejudice; and (vii) to revitalize and stimulate reinvestment in selected neighborhoods through programs involving a partnership of neighborhood residents, the business community, representatives of local governmental agencies, local financial institutions, and other interested persons.

ARTICLE IV

Limitations. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Notwithstanding any other provision of these articles, this corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(a)(2) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law). No substantial part of the activities of this corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. This corporation shall not participate or intervene in any political campaign (including the publication or distribution of statements) on behalf of any candidate for public office.

ARTICLE V

Dedication of Assets. The property of the corporation is irrevocably dedicated to charitable purposes. No part of the net assets or income of the corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon dissolution or liquidation, the assets remaining after payment, or provisions for payment, of all debts and liabilities of this corporation shall be distributed in the manner provided by law to a fund or corporation which is organized and operated exclusively for charitable purposes and which has established its status pursuant to Section 501(c)(3) of the Internal Revenue Code.

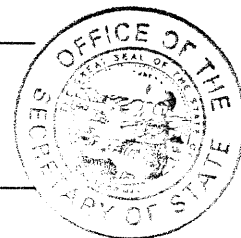
3. The foregoing amended and restated Articles of Incorporation have been duly approved by the board of directors.
4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: 6/25, 2002

Jack Mawhinney
Jack Mawhinney, President

Michael Sprague
Michael Sprague, Secretary





IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248145604
Mar. 30, 2015 LTR 4168C 0
33-0317950 000000 00
00025408
BODC: TE

COMMUNITY HOUSING WORKS
2815 CAMINO DEL RIO SOUTH STE 350
SAN DIEGO CA 92108



60198

Employer Identification Number: 33-0317950
Person to Contact: MR. CORDELL
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Mar. 19, 2015, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in November, 1992.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0248145604
Mar. 30, 2015 LTR 4168C 0
33-0317950 000000 00
00025409

COMMUNITY HOUSING WORKS
2815 CAMINO DEL RIO SOUTH STE 350
SAN DIEGO CA 92108

If you have any questions, please call us at the telephone number
shown in the heading of this letter.

Sincerely yours,



Doris Kenwright, Operation Mgr.
Accounts Management Operations 1

LUCE FORWARD

ATTORNEYS AT LAW • FOUNDED 1873

LUCE, FORWARD, HAMILTON & SCRIPPS LLP

DENNIS J. DOUCETTE, PARTNER
DIRECT DIAL NUMBER 858.720.6322
DIRECT FAX NUMBER 858.523.4305
EMAIL ADDRESS DDoucette@LUCE.COM

11988 El Camino Real
Suite 200
San Diego, CA 92130
858.720.6300
858.720.6306 fax
www.luce.com

September 5, 2002

24214/00001

Re: Name Change

Ladies and Gentlemen:

On July 1, 2002, Community Housing of North County, a California nonprofit public benefit corporation (the "Corporation"), changed its name to **Community HousingWorks** by filing Amended and Restated Articles of Incorporation with the California Secretary of State. No further action was required by the Corporation to change its name. The Corporation's state and federal employer identification numbers remain unchanged, and we assure that all contracts and documents previously entered into by Community Housing of North County are binding and enforceable on Community HousingWorks.

Very truly yours,



Dennis J. Doucette
of
LUCE, FORWARD, HAMILTON & SCRIPPS LLP

DJD/dzc

COMMUNITY HOUSINGWORKS
BOARD ROSTER



2020 Board of Directors

All listed Directors are eligible to vote on board actions

<p><u>Robert Gottlieb</u> Board Chair Chair, Executive Committee Chief Financial Officer H.G. Fenton Company 7577 Mission Valley Road, San Diego, California 92108 619.400.0148 (w) 619.726.0205 (c) robert@hgfenton.com Member since: 02/2013 Current term: 02/01/2019-01/31/2022</p>	<p><u>Angela Nugent</u> Vice Chair Real Estate Broker Keller Williams Orange County Coastal Realty 635 Camino De Los Mares 3rd Floor San Clemente, CA 92673 760.434.6776 (w) 760.930.1999 (c) teamnugent@gmail.com Member since: 08/2017 Current term: 02/01/2018-01/31/2021</p>	<p><u>Lisa Andaleon</u> Treasurer Chair, Finance Committee Director of Operations and Finance University of Southern California 3551 Trousdale Parkway -- ADM 204 Los Angeles, CA 90089-4019 619.606.8238 (c) lisaandaleon@gmail.com Member since: 06/2019 Current term: 02/01/2018-01/31/2021</p>
<p><u>Don Ambrose</u> Secretary President Del Mar Healthcare, Inc. 12348 High Bluff Dr # 100, San Diego, CA 92130 858.204.3314 (c) 858.350.4400 (w) Don121dm@gmail.com Member since: 04/2020 Current term: 02/01/2020-01/31/2023</p>	<p><u>Stephen Baker</u> Sr. Vice President Bank of America 701 B St, San Diego, CA 92101 760.943.1384 (h) 760.525.6298 (c) sfbaker@zoho.com Member since: 09/2011 Current term: 02/01/2020-01/31/2023</p>	<p><u>Antonio Barbosa</u> VP, Community Development Wells Fargo 401 A St, San Diego, CA 92101 619.921.9065 (c) Antonio.barbosa@wellsfargo.com Member since: 05/2017 Current term: 02/01/2019-01/31/2022</p>
<p><u>Christie Ault</u> Executive Assistant Pacific Premier Bank 501 W Broadway #550, San Diego, CA 92101 858.729.7701 (w) 619.481.7944 (c) ault.christie@gmail.com and cault@ppbi.com Member since: 04/2019 Current term: 02/01/2019-01/31/2022</p>	<p><u>Ted A. Holman</u> Chair, Home Committee Director of Tax Credit Investments First Republic Bank 1280 Fourth Ave, San Diego, CA 92101 415.364.4425 (w) 415.516.0071 (c) tholman@firstrepublic.com or tedholman@gmail.com Member since: 08/2017 Current term: 02/01/2020-01/31/2023</p>	<p><u>Jorge Cuevas Antillon</u> Chair, Achieve Committee San Diego County Office of Education Coordinator, Language Acquisition & Reading 6401 Linda Vista Rd, San Diego, CA 92111 858.571.7249 (w) 619.994.8180 (c) jorgecuevasantillon@gmail.com Member since: 01/2017 Current term: 02/01/2020-01/31/2023</p>
<p><u>Justin Apper</u> Chair, Organizational Development Cmte Chief Operations Officer Downtown San Diego Partnership 401 B St #100, San Diego, CA 92101 619-234-0201 (w) japger@downtownsandiego.org Member since: 01/2020 Current term: 02/01/2020-01/31/2023</p>	<p><u>Marty Rimmell</u> Chair, Search Committee Rimmell Consulting 6450 Wandermere Dr, San Diego, CA 619.977.0730 (c) martyremmell@gmail.com Member since: 05/2017 Current term: 02/01/2019-01/31/2022</p>	<p><u>Robbie Calderon-Hass</u> Chair, Fund Development Committee Broker/Owner The Hass Team Realty 3186 Vista Way #300, Oceanside, CA 92056 760.754.9990 (w) 760.213.4084 (c) robbie@thehassteam.com Member since: 09/2018 Current term: 02/01/2018-01/31/2021</p>

<u>Sean Elo</u> Chair, Governance Committee Executive Director Youth Will 404 Euclid Avenue, Ste. 329 San Diego, CA 92114 562.213.6466 (c) seanelo@seanelo.com Member since: 05/2017 Current term: 02/01/2018-01/31/2021	<u>Silvia Calzada</u> Community Health Worker Environmental Health Coalition 2727 Hoover Ave #202, National City, CA 91950 1 (619) 274-7315 silviamcalzada@gmail.com Member since: 06/2020 Current term: 02/01/20-01/31/2023	
---	--	--

COMMUNITY HOUSINGWORKS
2018 AND 2019 CONSOLIDATED FINANCIAL
STATEMENTS

CONFIDENTIAL

14. 2018 and 2019 Consolidated Financial Statements of Community HousingWorks



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



Leaf & Cole, LLP
Certified Public Accountants

**COMMUNITY HOUSINGWORKS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Activities	5 - 6
Consolidated Statements of Functional Expense	7 - 8
Consolidated Statements of Cash Flows	9 - 10
Notes to Consolidated Financial Statements	11 - 48
Supplementary Information:	
Schedule of Real Estate Entities - 2019	49
Schedule of Real Estate Entities - 2018	50
Consolidating Statement of Financial Position - 2019	51 - 52
Consolidating Statement of Financial Position - 2018	53 - 54
Consolidating Statement of Activities - 2019	55 - 56
Consolidating Statement of Activities - 2018	57 - 58
Schedules of Functional Expenses:	
Community HousingWorks - 2019	59
Community HousingWorks - 2018	60
Partnership and Limited Liability Companies	61
Esperanza Housing and Community Development Corporation	62
Escondido Family Housing Corporation	63
Community Housing Solutions	64
Schedule of Expenditures of Federal Awards	65 - 66
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	67 - 68
Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	69 - 70
Schedule of Findings and Questioned Costs	71



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Community HousingWorks

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community HousingWorks, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community HousingWorks as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 49 to 64 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, on our consideration of Community HousingWorks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community HousingWorks' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community HousingWorks' internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
May 20, 2020

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS		
	<u>2019</u>	<u>2018</u>
<u>Current Assets:</u> (Notes 2, 4, 5 and 6)		
Cash and cash equivalents	\$ 20,871,284	\$ 17,816,866
Investments	8,801,430	-
Security deposits	600,822	537,075
Grants and contracts receivable	68,443	52,978
Contributions receivable, net	750	87,555
Accounts receivable - related parties	6,576,381	6,241,063
Accounts receivable - other, net	170,397	316,534
Prepaid expenses	245,167	469,401
Property held for sale	1,732,489	1,596,897
Total Current Assets	<u>39,067,163</u>	<u>27,118,369</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5 and 7 thru 11)		
Contributions receivable, net	-	735
Restricted reserves	6,512,664	5,958,572
Loans receivable, net	468,040	589,710
Notes receivable - related parties, net	65,854,968	39,179,703
Interest receivable	1,801,064	1,761,280
Property and equipment, net	78,002,197	87,531,218
Investments in limited partnerships	11,647,039	11,295,053
Deposits	253,287	179,439
Other assets, net	44,073	34,727
Total Noncurrent Assets	<u>164,583,332</u>	<u>146,530,437</u>
TOTAL ASSETS	<u><u>\$ 203,650,495</u></u>	<u><u>\$ 173,648,806</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019 AND 2018

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
<u>Current Liabilities:</u> (Notes 2, 12 and 13)		
Accounts payable and accrued expenses	\$ 2,449,957	\$ 2,514,535
Security deposits	579,572	539,678
Deferred revenue	135,701	106,751
Line-of-credit payable	2,000,000	-
Current portion of noncurrent liabilities	1,886,050	39,197,615
Total Current Liabilities	<u>7,051,280</u>	<u>42,358,579</u>
<u>Noncurrent Liabilities:</u> (Notes 2 and 13 thru 15)		
Deferred revenue	200,255	247,208
Deferred lease liability	254,064	-
Notes payable - amortized debt , net	32,844,075	57,648,119
Bonds payable, net	-	7,076,817
Notes payable - residual receipts debt, net	38,288,602	26,121,318
Interest payable - residual receipts debt	10,944,675	12,578,290
Less: Current portion	(1,886,050)	(39,197,615)
Total Noncurrent Liabilities	<u>80,645,621</u>	<u>64,474,137</u>
Total Liabilities	<u>87,696,901</u>	<u>106,832,716</u>
<u>Obligation Under Interest Rate Swap</u> (Notes 2 and 16)	<u>948,438</u>	<u>-</u>
<u>Commitments and Contingencies</u> (Notes 12 and 18)		
<u>Net Assets:</u> (Notes 2 and 17)		
Without donor restrictions	113,584,379	65,164,913
With donor restrictions:		
Time and purpose restrictions	647,937	547,120
Perpetual in nature	772,840	1,104,057
Total Net Assets	<u>115,005,156</u>	<u>66,816,090</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 203,650,495</u></u>	<u><u>\$ 173,648,806</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenues:</u>						
Contributions	\$ 479,535	\$ 459,015	\$ 938,550	\$ 975,822	\$ 12,495	\$ 988,317
Developer fees	6,380,154	-	6,380,154	6,473,400	-	6,473,400
Grants and contracts	890,921	150,000	1,040,921	995,386	420,000	1,415,386
Loan interest and investment income	2,123,716	761	2,124,477	1,425,247	1,543	1,426,790
Management fees	967,400	-	967,400	719,451	-	719,451
Other income	512,864	-	512,864	249,179	-	249,179
Program income	1,080,790	-	1,080,790	1,152,009	-	1,152,009
Rental income	12,750,466	-	12,750,466	9,902,659	-	9,902,659
Net assets released from restrictions	840,176	(840,176)	-	742,433	(742,433)	-
Total Support and Revenues	<u>26,026,022</u>	<u>(230,400)</u>	<u>25,795,622</u>	<u>22,635,586</u>	<u>(308,395)</u>	<u>22,327,191</u>
<u>Expenses:</u>						
Program Services:						
Asset management	1,250,894	-	1,250,894	1,080,068	-	1,080,068
Community programs	2,971,903	-	2,971,903	2,394,479	-	2,394,479
Real estate development	3,375,973	-	3,375,973	2,836,814	-	2,836,814
Rental real estate	15,670,852	-	15,670,852	12,653,196	-	12,653,196
Special needs housing programs	349,419	-	349,419	352,806	-	352,806
Total Program Services	<u>23,619,041</u>	<u>-</u>	<u>23,619,041</u>	<u>19,317,363</u>	<u>-</u>	<u>19,317,363</u>
Supporting Services:						
Management and general	1,254,892	-	1,254,892	1,223,260	-	1,223,260
Fundraising	559,149	-	559,149	441,405	-	441,405
Total Supporting Services	<u>1,814,041</u>	<u>-</u>	<u>1,814,041</u>	<u>1,664,665</u>	<u>-</u>	<u>1,664,665</u>
Total Expenses	<u>25,433,082</u>	<u>-</u>	<u>25,433,082</u>	<u>20,982,028</u>	<u>-</u>	<u>20,982,028</u>
Change in Net Assets Before Other Revenue and (Expense)	<u>592,940</u>	<u>(230,400)</u>	<u>362,540</u>	<u>1,653,558</u>	<u>(308,395)</u>	<u>1,345,163</u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Other Revenue and (Expense):						
Contribution of equipment	\$ -	\$ -	\$ -	\$ 2,910,000	\$ -	\$ 2,910,000
Gain on sale of property and equipment	44,044,532	-	44,044,532	-	-	-
Grant for capital contribution	-	-	-	4,550,000	-	4,550,000
Loan forgiveness and recovery	127,769	-	127,769	262,331	-	262,331
Obligation under interest rate swap change	89,700	-	89,700	-	-	-
Partnership income (loss)	61,628	-	61,628	(440,689)	-	(440,689)
Total Other Revenue and (Expense)	<u>44,323,629</u>	<u>-</u>	<u>44,323,629</u>	<u>7,281,642</u>	<u>-</u>	<u>7,281,642</u>
Change in Net Assets	44,916,569	(230,400)	44,686,169	8,935,200	(308,395)	8,626,805
Net Assets at Beginning of Year	65,164,913	1,651,177	66,816,090	56,762,522	1,959,572	58,722,094
Acquisition of Partnership Interest	<u>3,502,897</u>	<u>-</u>	<u>3,502,897</u>	<u>(532,809)</u>	<u>-</u>	<u>(532,809)</u>
NET ASSETS AT END OF YEAR	<u>\$ 113,584,379</u>	<u>\$ 1,420,777</u>	<u>\$ 115,005,156</u>	<u>\$ 65,164,913</u>	<u>\$ 1,651,177</u>	<u>\$ 66,816,090</u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services			
	Asset Management	Community Programs	Real Estate Development	Rental Real Estate	Special Needs Housing Programs	Management and General	Fundraising	Eliminations	Total Expenses
<u>Personnel Expenses:</u>									
Salaries and wages	\$ 760,462	\$ 1,667,141	\$ 2,278,488	\$ -	\$ 27,800	\$ 666,620	\$ 290,460	\$ -	\$ 5,690,971
Payroll taxes	61,927	127,867	166,974	-	2,351	45,781	25,295	-	430,195
Health insurance and other benefits	96,085	243,748	233,057	-	4,531	84,205	37,219	-	698,845
Temporary/contract personnel	22,758	30,333	41,487	-	3,941	77,959	29,132	-	205,610
Total Personnel Expenses	941,232	2,069,089	2,720,006	-	38,623	874,565	382,106	-	7,025,621
<u>Occupancy:</u>									
Office rent	92,149	133,912	268,204	-	21,917	86,396	29,538	-	632,116
Telephone/Internet	8,890	14,133	26,560	-	2,119	8,870	5,376	-	65,948
Total Occupancy	101,039	148,045	294,764	-	24,036	95,266	34,914	-	698,064
<u>Insurance</u>	(10,756)	(4,980)	(14,898)	-	(878)	(49,616)	(10,672)	-	(91,800)
<u>Supplies and Other Administrative Costs</u>	70,732	177,819	216,327	-	12,210	131,674	61,245	-	670,007
<u>Travel</u>	18,872	69,717	20,085	-	555	6,852	4,298	-	120,379
<u>Professional Fees:</u>									
Other professional services	92,758	172,852	47,625	-	40,227	77,212	37,102	-	467,776
Accounting (Audit)	3,975	11,560	11,592	-	1,485	6,338	2,359	-	37,309
Total Professional Fees	96,733	184,412	59,217	-	41,712	83,550	39,461	-	505,085
<u>Program/Project Expenses:</u>									
Program/Project related expenses	2,016	285,884	3,675	-	91,489	5,236	20,944	-	409,244
Property operation cost	-	-	-	15,591,385	112,170	-	-	(3,857,212)	11,846,343
Total Program/Project Expenses	2,016	285,884	3,675	15,591,385	203,659	5,236	20,944	(3,857,212)	12,255,587
<u>Other Expenses:</u>									
Interest	17,053	22,730	31,087	-	12,084	59,059	14,765	-	156,778
Depreciation and amortization	10,087	13,445	18,388	3,936,679	16,738	34,934	8,733	-	4,039,004
Contributions to others	3,886	5,742	8,477	-	680	13,372	3,355	-	35,512
Property loss	-	-	18,845	-	-	-	-	-	18,845
Total Other Expenses	31,026	41,917	76,797	3,936,679	29,502	107,365	26,853	-	4,250,139
<u>Less: Eliminations:</u>	-	-	-	(3,857,212)	-	-	-	3,857,212	-
TOTAL EXPENSES	\$ 1,250,894	\$ 2,971,903	\$ 3,375,973	\$ 15,670,852	\$ 349,419	\$ 1,254,892	\$ 559,149	\$ -	\$ 25,433,082

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services					Supporting Services			
	Asset Management	Community Programs	Real Estate Development	Rental Real Estate	Special Needs Housing Programs	Management and General	Fundraising	Eliminations	Total Expenses
<u>Personnel Expenses:</u>									
Salaries and wages	\$ 574,704	\$ 1,324,821	\$ 1,890,683	\$ -	\$ 38,945	\$ 594,678	\$ 160,249	\$ -	\$ 4,584,080
Payroll taxes	50,052	123,003	150,794	-	3,442	48,919	14,582	-	390,792
Health insurance and other benefits	68,942	177,826	197,983	-	3,750	73,789	21,966	-	544,256
Temporary/contract personnel	690	12,082	1,084	-	191	4,522	8,259	-	26,828
Total Personnel Expenses	694,388	1,637,732	2,240,544	-	46,328	721,908	205,056	-	5,545,956
<u>Occupancy:</u>									
Office rent	69,101	107,158	178,028	-	14,358	127,821	54,710	-	551,176
Telephone/Internet	6,524	13,860	18,719	-	1,661	8,277	4,776	-	53,817
Leasehold improvements	67	99	183	-	13	83	49	-	494
Total Occupancy	75,692	121,117	196,930	-	16,032	136,181	59,535	-	605,487
<u>Insurance</u>	998	6,000	6,553	-	1,144	(17,011)	(1,321)	-	(3,637)
<u>Supplies and Other Administrative Costs</u>	56,763	169,843	207,706	-	13,084	119,446	63,638	-	630,480
<u>Travel</u>	29,455	44,760	19,398	-	642	7,139	3,061	-	104,455
<u>Professional Fees:</u>									
Other professional services	195,676	145,690	92,260	-	32,346	115,926	54,564	-	636,462
Equipment/computer services	251	753	682	-	102	310	183	-	2,281
Accounting (Audit)	3,348	9,919	10,930	-	1,342	4,903	2,518	-	32,960
Total Professional Fees	199,275	156,362	103,872	-	33,790	121,139	57,265	-	671,703
<u>Program/Project Expenses:</u>									
Program/Project related expenses	2,557	214,311	1,544	-	121,742	5,977	28,382	-	374,513
Property operation cost	-	-	-	10,477,670	83,617	-	-	(697,699)	9,863,588
Total Program/Project Expenses	2,557	214,311	1,544	10,477,670	205,359	5,977	28,382	(697,699)	10,238,101
<u>Other Expenses:</u>									
Interest	10,864	22,787	17,066	-	12,135	67,152	13,431	-	143,435
Depreciation and amortization	5,256	11,025	8,257	2,873,225	22,934	32,491	6,498	-	2,959,686
Contributions to others	4,820	10,542	9,392	-	1,358	28,838	5,860	-	60,810
Property loss	-	-	25,552	-	-	-	-	-	25,552
Total Other Expenses	20,940	44,354	60,267	2,873,225	36,427	128,481	25,789	-	3,189,483
<u>Less: Eliminations:</u>	-	-	-	(697,699)	-	-	-	697,699	-
TOTAL EXPENSES	\$ 1,080,068	\$ 2,394,479	\$ 2,836,814	\$ 12,653,196	\$ 352,806	\$ 1,223,260	\$ 441,405	\$ -	\$ 20,982,028

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 44,686,169	\$ 8,626,805
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,037,451	2,958,304
Amortization of other assets	1,553	1,382
Amortization of debt issuance costs	219,845	279,738
Contribution of equipment	-	(2,910,000)
Gain on sale of property and equipment	(44,044,532)	-
Net realized and unrealized gains from investments	(217,398)	-
Grant for capital contribution	-	(4,550,000)
Loan forgiveness	(24,500)	(24,500)
Partnership loss	(61,628)	440,689
Change in obligation under interest rate swap	(89,700)	-
Perpetual restricted net assets released	331,217	473,167
(Increase) Decrease in:		
Grants and contracts receivable	(15,465)	100,136
Contributions receivable, net	87,540	(22,299)
Accounts receivable, net	(186,421)	552,328
Prepaid expenses	290,662	39,443
Interest receivable	(39,784)	(692,295)
Increase (Decrease) in:		
Accounts payable and accrued expenses	1,363,658	570,455
Security deposits	(127,692)	9,909
Deferred revenue	(63,108)	(65,845)
Deferred lease liability	254,064	-
Interest payable	(1,633,615)	651,022
Net Cash Provided by Operating Activities	<u>4,768,316</u>	<u>6,438,439</u>
<u>Cash Flows From Investing Activities:</u>		
Accounts receivable - related parties	-	70,946
Property held for sale	(135,592)	(125,926)
Investment (purchases) sales, net	(8,603,608)	(9,587)
Loans receivable, net	121,670	106,441
Notes receivable - related parties, net	1,581,211	(2,145,238)
Proceeds from sale of property and equipment	57,976,079	-
Property and equipment purchases	(22,208,450)	(3,833,685)
Partnership contributions and transfer costs, net	1,134,970	(498,284)
Refund (payment) for deposits	(55,918)	(40,927)
Payment for other assets	(10,899)	-
Net Cash Provided by (Used in) Investing Activities	<u>29,799,463</u>	<u>(6,476,260)</u>

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Financing Activities:</u>		
Line-of-credit advances	\$ 2,000,000	\$ -
Payment for debt issuance costs	(3,700)	-
Proceeds from notes payable	19,750,453	750,000
Payments on notes payable	(45,127,047)	(503,707)
Payments on bonds payable	(7,203,587)	(339,098)
Perpetual restricted net assets released	(331,217)	(473,167)
Net Cash Used in Financing Activities	<u>(30,915,098)</u>	<u>(565,972)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,652,681	(603,793)
Cash and Cash Equivalents at Beginning of Year	<u>24,017,138</u>	<u>24,620,931</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 27,669,819</u></u>	<u><u>\$ 24,017,138</u></u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Cash paid for interest, net of capitalized interest (Note 2)	<u><u>\$ 6,070,580</u></u>	<u><u>\$ 3,600,805</u></u>
<u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u>		
Notes receivable - related parties advanced as proceeds from sale of property and equipment	<u><u>\$ 28,256,476</u></u>	<u><u>\$ -</u></u>
Acquisition of Dove Family Housing Associates, L.P.	<u><u>\$ (3,502,897)</u></u>	<u><u>\$ -</u></u>
Acquisition of Mission Grove Housing Associates, L.P.	<u><u>\$ -</u></u>	<u><u>\$ (532,809)</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization:

The consolidated financial statements include the following entities which are collectively referred to as the “Organization”. The entities are summarized in the supplementary schedules of real estate entities on pages 49 and 50 for the years ended December 31, 2019 and 2018, respectively which includes the partnership name, property name and ownership details.

Community HousingWorks

Community HousingWorks (“CHW” or the “Organization”) is a Nonprofit California Corporation incorporated on June 20, 1988. CHW believes that opportunity begins with a stable home. The Organization provides and builds life-changing affordable apartment communities with resident-centered services for working families, seniors and people with disabilities, to forge stronger futures. CHW has over 30 years of success developing new and renovating existing multi-family, affordable rental apartments in urban, suburban and rural communities, in San Diego and across California. With 3,671 rental apartments in 42 communities statewide, the Organization proudly served more than 9,700 residents in 2019.

The Organization delivers onsite programs to give residents the knowledge, tools, and hope to achieve their goals and dreams. CHW's unique approach is to provide families, seniors and individuals in need with stable homes in healthy communities, then layer in powerful programs and links to just the right resources. As a result, people in CHW homes are able to gain financial stability and mobility, improve their health and wellness, and see that the next generation of children succeeds in the classroom and beyond.

The Organization is an Exemplary-ranked member of the national NeighborWorks Network®, an award-winning affiliate of Unidos USA, and member of the prestigious Housing Partnership Network.

CHW typically acquires land for apartment development or multifamily housing complexes already in operation with the intent of financing them with Low Income Housing Tax Credits (LIHTC), in several stages, each of which can have a material impact on the organization’s consolidated financial position. The first stage typically is a development period during which CHW, or a wholly controlled affiliate, owns 100% of the property and therefore fully consolidates the property. After a development period of time, which may be as much as two years, the property is sold into a limited partnership (or LLC) and CHW retains a very small general partner interest (0.01% to 1%), while the limited investor partner owns almost all of the interest in order to capitalize on the related tax benefits. During this second stage, the general partner interest is accounted for on the equity method and the tax credit partnership entity has its own segregated audited financial statements and tax returns. The compliance and related tax benefit period for these entities lasts for 15 years. After that 15 years, the limited partner will typically exit and the project enters a third stage once again under full CHW control. If the property needs substantial investment beyond the amount available through new debt and reserves, CHW has the option to seek tax credits, form a new tax credit partnership and re-syndicate to meet those needs, starting the change in control process all over again.

Partnership and Limited Liability Companies

CHW owns a general partner interest in limited partnerships and is the sole member of limited liability companies with ownership interests in limited partnerships ranging from .005% to 100% which are summarized in the supplementary schedule of real estate entities.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Esperanza Housing and Community Development Corporation

Esperanza Housing and Community Development Corporation (“Esperanza”), a California Nonprofit Corporation, has partnership interests as summarized in the supplementary schedule of real estate entities on pages 49 and 50.

Escondido Family Housing Corporation

Escondido Family Housing Corporation, a California Nonprofit Corporation (“Escondido”), has partnership interests as summarized in the supplementary schedule of real estate entities on pages 49 and 50 which represent 100% of the assets of Escondido.

Maplewood/Ashwood

Maplewood/Ashwood, a California Nonprofit Corporation has no assets at December 31, 2019 and 2018.

Community Housing Solutions

Community Housing Solutions, a California Nonprofit Corporation (“Pine View”) owns the Pine View Apartments, an apartment complex of 101 units located in Fallbrook, California. Pine View has been consolidated into these financial statements. On July 1, 2019, Pine View sold the apartment complex. Effective December 31, 2019 Pine View has been dissolved.

The following is a brief description of the Organization’s programs:

Rental Communities

Real Estate Development

The Organization builds and owns affordable, attractive and sustainable rental communities across California that people can be proud to call home. Over 9,700 people living on a limited income find home stability in the Organization’s award-winning apartment communities CHW has been recognized nationally, statewide and within the San Diego region for excellence in development, from the national Gold Nugget Award to the Urban Land Institute Award of Excellence for the America’s. As of 2019, CHW operated 3,671 rental apartments in 42 communities, designed and managed to improve their neighborhoods and help residents build brighter futures. Extensive resident service programs further support resident success.

In 29 of our community’s residents can take advantage of a Community Center with after-school programs, computers and other on-site resident programs. All residents can also access our comprehensive asset-building programs, including Financial Fitness classes and financial coaching.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Rental Communities (Continued)

Asset Management

The Organization provides ongoing administrative support, management oversight, risk management review, and/or oversight of financial and repair plans for the communities developed by the Organization for very low-income and low-income residents in need. CHW's asset management staff maintains high standards in a diverse portfolio. CHW's permanent affordable housing portfolio operates at 98% occupancy and has consistently met all reserve and partnership management fee targets. Due to the Organization's outstanding track record, banks and investors consider CHW among the highest-rated developers.

Supportive Housing

The Organization provides stable homes for individuals and families in need, including formerly homeless families, seniors with disabilities, individuals with HIV/AIDS, youth transitioning out of foster care, and victims of domestic violence. CHW has 137 supportive housing apartments in 14 communities, and 29 Community Centers.

Complex	Location	Supportive Units	Supported Residents
Alabama Manor	San Diego	23	Supportive homes to individuals over 55 who are physically disabled or living with HIV/AIDS
Avocado Court	Escondido	8	Permanent supportive homes for homeless, disabled veterans
Hillside Village, Solara, Parkview Terrace, Oak Knoll Villas	Poway	8	Up to 6 transitional supportive homes for victims of domestic violence; 2 permanent homes for developmentally disabled adults in 4 Poway communities
Kalos	San Diego	6	Permanent supportive homes for teenage mothers under the Maternity Shelter Program
Las Casitas Maple	Escondido	14	Permanent supportive homes for homeless families recovering and reuniting from substance abuse
Marisol	Oceanside	21	Permanent supportive housing units for disabled individuals living with HIV/AIDS; 10 HOPWA
North Santa Fe	Vista	10	Supportive units for Transition Aged Youth (foster care)
Old Grove	Oceanside	4	HOPWA (HIV/AIDS)
Manzanita	Escondido	7	Supportive homes for homeless, disabled veterans
North Park Seniors	San Diego	8	Permanent supportive homes for Seniors
Mission Cove Seniors	Oceanside	28	Up to 28 voluntary homeless preference waitlist units for Seniors 62+ experiencing homelessness (non set-aside)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Resident Services Programs

Community HousingWorks has long held the core belief that with a safe, stable home, powerful tools and community support, our residents can forge strong futures. This belief and our commitment to resident success—creating safe, stable, affordable apartment communities and support for hopeful action by our residents—are at the heart of our mission and who we are as an organization. Our very first apartment community in 1989 offered transitional housing services to homeless women and children. Since 1997, when our residents first requested support for their kids’ homework, CHW has routinely included community centers and on-site services programs in almost all of our apartment communities (subject to funding). Community HousingWorks is among the few large housing nonprofits in the country that supplement project service fees with both individual donor and grant contributions, in order to assure impactful programs.

As part of our resident-driven approach, we perform resident opportunity and needs assessments and complete a community scan to make sure that we design programs that are relevant and appropriate to the residents served. CHW delivers services through both onsite staff and through partners and volunteers, creating more sustainability and more ability to vary services based on resident needs and available resources. CHW invests in measuring the impact of our core services, in order to continually improve those results.

CHW offers programming in three areas of highest impact for our mission: Financial Well-being, Next Generation Success, and Health and Wellness.

1. Financial Well-being

Community HousingWorks’ innovative financial well-being programs have served over 9,700 residents since 2004, meeting people where they are in three program areas.

- **Financial Stability** (*address a current financial crisis*). Through our Rental Home Stability Program (RHSP), our accredited financial coaches help households at risk of eviction to regain stability. This innovative program has a 95% success rate. Residents use RHSP financial coaching, community resources and (as needed) payment plans to prevent the eviction and restart their future.
- **Financial Security** (*meet day-to-day financial obligations*). Community HousingWorks’ Financial Fitness class uses a group-coaching model to help residents more effectively manage their money and make positive financial choices to meet self-identified goals. In 2019, 69% of participants raised their credit scores. Through our Credit Strengthening Initiative program, there was an average increase in credit scores by 57 points and the average debt decrease in dollar amount was \$2,900.
- **Financial Mobility** (*plan for the future*). We help low-income households reach their personal goals to build not just income, but wealth: increased savings, buying a house, purchasing a vehicle, starting a business, paying for education, or a retirement plan. Residents use individual coaching to set and attain an asset-building goal. They can then join a Financial Health Club for peer support and ideas.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

2. Next Generation Success

For over 20 years, CHW has offered educational supports to youth to break the cycle of poverty.

- **Study Stars After-School and Summer Program.** Community HousingWorks' own Study Stars program focuses on achieving grade level reading for K-5th grade students, well-documented as the most important gateway to educational and life success. Study Stars uses a nationally evaluated on-line literacy program, i-Ready, that provides individualized success measures, and has shown significant gains in academic achievement for English learners, female, African American and Latino students. In 2019, there were 221 active study star students participating in the Study Stars After-School Program.
- **Achievers Club.** The Achievers Club provides youth with an on-site leadership development and mentorship program, including workshops on post-secondary career pathways, community organizing and financial literacy, as well as opportunities to give back to their community through service activities.
- **VALOR Scholarships.** VALOR scholarships are offered to CHW youth and adult residents to support post-secondary education and career pathways, ranging from two and four year college degrees to vocational training certificates. In 2019, 31 CHW residents from 18 communities won scholarships totaling \$31,000.

3. Health and Wellness

CHW connects residents with community partners' programs, in order to prevent disease, strengthen the independence of senior and disabled residents, promote healthy lifestyles, and support self-empowered residents to manage their own health.

- **Diabetes Prevention & Management Programs.** Scripps Whittier Diabetes Institute offers two programs to CHW residents at various communities. The Diabetes Prevention Program provides at-risk and pre-diabetic residents a 12-month program covering self-care and ways to reduce weight in order to prevent Type 2 Diabetes. The Project Dulce Program supports seniors with borderline/full Type 2 diabetes with a series of self-management care classes.
- **Senior Programs.** CHW offers onsite services and activities, to support senior health and independence, encourage an active lifestyle and mutual support, and reduce deadly isolation. Services are provided by CHW staff or by community partners.
- **Supportive Housing Programs.** Since 1989, CHW has been providing supportive and permanent supportive housing for homeless and disabled residents, with services provided by local service partners.
 - **Collaborating.** CHW was an early member of the County Regional Continuum of Care, has received HUD SHP funding for over 20 years, and actively uses the Coordinated Entry System.
 - **Integrating.** Some CHW communities are 100% supportive housing. More often, we have included homeless residents as part of larger affordable communities, starting with our innovative integration of homeless families into Cedar Apartments (Vista) in 1994.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

- **Serving a Range of Needs.** As of the end of 2019, CHW provided over 137 supportive and permanent supportive housing apartments across the county. CHW apartments serve homeless men and women with HIV/AIDS, homeless veterans, homeless and disabled seniors, TAY foster youth, CWS-at-risk young mothers and children, adults with developmental disabilities, and homeless CWS-client parents reuniting with their children after substance abuse treatment. CHW partners with various county agencies to support the specific needs of our residents.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include Community HousingWorks, Partnership and Limited Liability Companies, Esperanza Housing and Community Development Corporation, Escondido Family Housing Corporation, Maplewood/Ashwood and Community Housing Solutions which are collectively referred to as the “Organization”. All material intercompany transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment

The Organization's consolidated statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Mutual and exchange traded funds and equities which are considered Level 1 assets and are reported at fair market value based on quoted market prices in active markets for identical assets at the measurement date.
- Debt securities are considered Level 2 assets and are reported at fair market value based on quoted market prices in active markets for similar assets at the measurement date.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The following is a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total in the statements of cash flows at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 20,871,284	\$ 17,816,866
Security deposits	600,822	537,075
Restricted reserves	<u>6,197,713</u>	<u>5,663,197</u>
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 27,669,819</u>	<u>\$ 24,017,138</u>

Certificates of deposit totaling \$101,626 and \$100,299 at December 31, 2019 and 2018, respectively, included in cash and cash equivalents earn interest at .15% and .05%, mature November 29, 2020 and November 29, 2019.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all grants and contracts receivable were fully collectible; therefore, no allowance for doubtful grants and contracts receivable was recorded at December 31, 2019 and 2018. The allowance for doubtful accounts receivable-other totaled \$6,525 and \$50,500 at December 31, 2019 and 2018, respectively. The allowance for doubtful contributions receivable totaled \$250 and \$6,750 at December 31, 2019 and 2018, respectively.

Loans Receivable

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The Organization has implemented policies and practices for assessing impairment of its loans receivable and the recognition of income on impaired loans. Loans receivable are recorded at the lower of cost or estimated net realizable value. Allowance for loan losses are analyzed by the Organization and include any loan where full recovery of principal and interest is considered in doubt based on the current evaluation of the loan and its security. The Organization may include an additional provision for losses based on any loan where it feels that a provision may become necessary in the future for any reason. The Organization has recorded an allowance for collection losses totaling \$52,000 and \$65,500 at December 31, 2019 and 2018, respectively. Collection (recoveries) and losses are recorded as other revenue and expense in the consolidated statement of activities. Collection losses totaled \$6,673 and \$1,951 for the years ended December 31, 2019 and 2018, respectively. The Organization is not funding any new loans to homeowners.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Loans Receivable (Continued)

Impaired loans are those loans for which write-downs or specific provisions have been taken. The Organization recognizes interest income on its impaired loans based on the actual cash flow of payments received from borrowers. There were no impaired loans at December 31, 2019 and 2018.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

Buildings and improvements	10 - 40 years
Equipment	5 - 15 years
Furniture and fixtures	5 - 7 years
Vehicles and trailer	5 - 7 years

Depreciation totaled \$4,037,451 and \$2,958,304 for the years ended December 31, 2019 and 2018, respectively.

Interest totaling \$261,660 and \$340,133 for the years ended December 31, 2019 and 2018, respectively, was capitalized and is included in construction in progress.

Property acquired and held for sale is not classified as property and equipment. The Organization had property that was available for sale totaling \$1,732,489 and \$1,596,897 at December 31, 2019 and 2018, respectively.

Maintenance and repairs are charged to operations as incurred.

Impairment of Long-Lived Assets

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Impairment of Long-Lived Assets (Continued)

The Organization's test for impairment at December 31, 2019 and 2018 was based on the most current information available to it, if the Organization's plans regarding its real estate assets and related debt obligations change, it could result in impairment charges in the future. Based on the Organization's plans with respect to the rental property and related debt financings, management believes that the carrying amounts are recoverable and therefore, under applicable accounting and reporting standards, no impairment losses have been recorded for the years ended December 31, 2019 and 2018. Accordingly, the Organization will continue to monitor circumstances and events in future periods to determine whether any impairment is warranted.

Investments in Limited Partnerships

CHW owns a general partner interest in limited partnerships and is the sole member of limited liability companies that own a general partner interest in limited partnerships. These ownership interests range from .005% to .01%. are accounted for on the equity method as summarized in the supplementary schedule of real estate entities.

Other Assets and Amortization

Acquisition costs totaling \$71,899 and \$61,000 net of accumulated amortization totaling \$27,826 and \$26,273 at December 31, 2019 and 2018, respectively, are amortized using the straight-line method over the term of the related costs ranging from 48 to 480 months. Amortization expense totaled \$1,553 and \$1,382 for the years ended December 31, 2019 and 2018, respectively.

Compensated Absences

Accumulated unpaid vacation totaling \$316,785 and \$283,819 at December 31, 2019 and 2018, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

Security Deposits

Security deposits are restricted to the extent of the security deposit liability totaling \$579,572 and \$539,678 at December 31, 2019 and 2018, respectively.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain permanent financing. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense (which is included in property operation cost in the statements of functional expenses) and totaled \$219,845 and \$279,738 for the years ended December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Derivative Instrument

The accounting and reporting standards related to Derivative Instruments and Hedging Activities requires that every derivative instrument be recorded on the balance sheet as either an asset or liability as measured at its fair value. The Organization's Interest Rate Swap Contract ("IRSC") related to the La Costa Paloma bonds discussed in Note 16 is considered a cash flow hedge and is measured at fair value. The gains and losses on cash flow hedges are recognized as an expense in the period of the change. The Organization enters into interest rate swaps to manage risks on the changes in market interest rates. The IRSC is considered a Level 2 asset or liability. For the valuation of the interest rate swap at December 31, 2019, the Organization used significant other observable inputs as of the valuation date (Level 2), including prices of instruments with similar maturities and characteristics, interest rate yield curves and measures of interest rate volatility. The value was determined and adjusted to reflect nonperformance risk of both the counterparty and the Organization. The change in the fair value of the IRSC liability is as follows for the year ended December 31, 2019:

Balance Acquired Through Partnership Acquisition	\$ 1,038,138
Change in Fair Value of Obligation Under Interest Rate Swap	(89,700)
Balance at End of Year	<u>\$ 948,438</u>

Revenue and Expense Recognition

Contributions are recognized when the donor makes a promise to give in writing to the Organization that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as without donor restriction or with donor restriction, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The Organization provides development services in connection with agreements for the development and construction of affordable low-income housing projects. The Organization earns fees based on the fixed-fee agreements and recognizes revenue upon completion of each performance milestone defined in the agreement, for example: closing of construction financing, initial ground-breaking, percentage of completion of construction or rehabilitation and certificate of occupancy.

Grants and contracts revenue are recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Deferred revenue is recorded when cash received under a grant or contract exceeds the revenue earned.

Management fees and program income are received in connection with management and services provided in accordance with agreements with affordable low-income housing projects. The Organization recognizes revenue as the services are performed in accordance with the agreements. Deferred management fees totaled \$247,208 and 292,161 at December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Revenue and Expense Recognition (Continued)

Rental income is recognized for apartment rentals, other rentals and laundry contracts as it accrues. Advance receipts of rental income and laundry contracts are deferred or classified as liabilities until earned. Deferred rental income totaled \$88,748 and \$61,798 at December 31, 2019 and 2018, respectively.

Sales of property and equipment are recognized on the date the sale occurs. These sales are described in Note 1 on page 11, in the normal course of business. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings net of any costs of the sale.

Sales of property acquired and held for sale are recognized on the date the sale occurs. Upon sale, the asset account is relieved of the cost and any resultant gain or loss is credited or charged to earnings net of any cost of sale.

Rent expense is recognized on a straight-line basis over the term of the operating lease. The deferred lease liability represents discounted rent received in excess of the rent expense recognized. The deferred lease liability totaled \$254,064 and \$-0- at December 31, 2019 and 2018, respectively.

Donated Services and Equipment

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2019 and 2018, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

Esperanza received donated solar equipment that is installed and in use at four residential rental properties which has been recorded at fair value and totaled \$-0- and \$2,910,000 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Fundraising based on estimates made by management.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes

The Organization, Esperanza, Escondido, Pine View and Maplewood/Ashwood (the “Entities”) are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Entities believe that they have appropriate support for any tax positions taken and, as such, do not have any uncertain tax positions that are material to the financial statements. The Entities are not private foundations.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

The Entities’ Returns of Organization Exempt from Income Tax for the years ended December 31, 2019, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentrations

The Organization maintains its cash in bank deposit accounts which at times exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization’s operations are concentrated in the multifamily real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Accounting Pronouncements Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. There was no effect of adopting the new accounting principles on contributions in 2019.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Accounting Pronouncements Adopted (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended December 31, 2019.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 for the year ended December 31, 2019 required a restatement of cash and cash equivalents for December 31, 2018 and 2017. Amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows.

Reclassification

The Organization has reclassified certain prior year information to conform with the current-year presentation.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 20, 2020, the date the consolidated financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed, except as disclosed in Note 20.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure within one year are comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 20,871,284	\$ 17,816,866
Investments	8,801,430	-
Grants and contracts receivable	68,443	52,978
Contributions receivable, net	750	88,290
Accounts receivable – related parties	6,576,381	6,241,063
Accounts receivable – other, net	170,397	316,534
Total financial assets	<u>36,488,685</u>	<u>24,515,731</u>
Less assets unavailable for general expenditures:		
Contributions receivable, net – time restricted	-	(735)
Cash and investments held for board-designated purposes	<u>(12,686,293)</u>	<u>(12,121,646)</u>
Total financial assets not available to be used within one year	<u>(12,686,293)</u>	<u>(12,122,381)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,802,392</u>	<u>\$ 12,393,350</u>

In addition to financial assets available to meet general expenditures over the next 12 months the Organization has a line-of-credit agreement with available borrowings totaling \$3,000,000 as described in Note 12. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Organization's governing board has designated a portion of its resources without donor restrictions for an operating reserve and a Housing Futures Fund as described in Note 17. The amounts not expected to be used for operations within one year are identified as cash held for board-designated purposes in the table above. These funds are held in highly liquid cash and cash equivalents but remain available and may be spent at the discretion of the Board of Directors.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 4 – Investments and Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31:

	2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Investments:				
Fixed income funds	\$ 1,867,816	\$ -	\$ -	\$ 1,867,816
Equity funds	823,230	-	-	823,230
Equities	347,074	-	-	347,074
U.S. Treasury bills	-	4,737,948	-	4,737,948
Corporate bonds	-	1,025,362	-	1,025,362
Total Investments	<u>3,038,120</u>	<u>5,763,310</u>	<u>-</u>	<u>8,801,430</u>
Restricted Reserves: (Note 7)				
Fixed income funds	125,834	-	-	125,834
Equity funds	49,043	-	-	49,043
Corporate bonds	-	140,074	-	140,074
Total Restricted Reserves	<u>174,877</u>	<u>140,074</u>	<u>-</u>	<u>314,951</u>
	<u>\$ 3,212,997</u>	<u>\$ 5,903,384</u>	<u>\$ -</u>	<u>\$ 9,116,381</u>
	2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2018
Restricted Reserves: (Note 7)				
Fixed income funds	\$ 114,390	\$ -	\$ -	\$ 114,390
Equity funds	44,603	-	-	44,603
Corporate bonds	-	136,382	-	136,382
	<u>\$ 158,993</u>	<u>\$ 136,382</u>	<u>\$ -</u>	<u>\$ 295,375</u>

The following schedule summarizes loan interest and investment income for the years ended December 31:

	2019	2018
Interest income from lending	\$ 1,613,541	\$ 1,248,748
Interest and dividend income from investments and reserves	323,425	178,042
Net realized and unrealized gains from investments	217,398	-
Investment fees	(29,887)	-
Total Loan Interest and Investment Income	<u>\$ 2,124,477</u>	<u>\$ 1,426,790</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 5 - Contributions Receivable:

Contributions receivable consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Current:		
Due in less than one year	\$ 1,000	\$ 94,055
Less: Allowance for uncollectible receivables	(250)	(6,500)
Total Current	<u>750</u>	<u>87,555</u>
Noncurrent:		
Due in one to five years	-	1,000
Less: Allowance for uncollectible and discounts to present value	-	(265)
Total Noncurrent	<u>-</u>	<u>735</u>
Total Contributions Receivable, Net	<u>\$ 750</u>	<u>\$ 88,290</u>

The contributions receivable have been discounted to their present value using a discount rate of 1.50% at December 31, 2018.

Note 6 - Accounts Receivable - Related Parties:

CHW has provided development services with respect to various projects in which CHW has a general partner interest. In addition, CHW provides management, oversight and other services to these projects and projects with which CHW is affiliated. CHW has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at December 31:

	<u>2019</u>	<u>2018</u>
15 th Avenue Housing Cooperative	\$ 5,928	\$ 5,705
Alabama Manor Housing Associates, L.P.	93,776	92,881
Cedar Nettleton Housing Associates, L.P.	14,895	50,409
Community Road Housing Associates, L.P.	170,739	199,969
Cypress Cove Housing Associates, L.P.	133,765	86,880
Delta Village Housing Associates, L.P.	196,025	88,993
Dove Family Housing Associates, L.P.	-	52,657
East Mountain Housing Associates, L.P.	79,127	25,566
El Norte Housing Associates, L.P.	52,426	51,860
Fallbrook View Housing Associates, L.P.	277,153	214,781
Florida Street Housing Associates, L.P.	68,885	49,704
Foothill Oak Housing Associates, L.P.	71,644	69,558
Fruit Avenue Housing Associates, L.P.	131,494	1,999,486
Keeler Court Housing Associates, L.P.	1,954,339	-
Kimball Tower Housing Associates, L.P.	25,220	-
Lindo Housing Associates, L.P.	60,921	14,590
Los Robles Community Housing Association	-	20
Mission Cove Seniors Housing Associates, L.P.	380,433	338,549

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 6 - Accounts Receivable - Related Parties: (Continued)

	<u>2019</u>	<u>2018</u>
Monument Boulevard Housing Associates, LP	\$ 213,255	\$ 1,870,851
Morgan Tower Housing Associates, L.P.	25,173	-
Mountain View Housing Associates, L.P.	92,490	13,261
North Santa Fe Housing Associates, L.P.	17,335	17,559
Oak Knoll Housing Associates, L.P.	38,760	35,769
Paradise Creek Housing Partners, L.P.	13,261	-
Paradise Creek II Housing Partners, L.P.	69,378	275,662
Poway Villas Community Housing Association	15,215	20
Texas Street Senior Housing, L.P.	303,406	571,019
Tripp Avenue Housing Associates, L.P.	1,911,868	-
Turnagain Arms Community Housing Association	10	20
Turnagain Renaissance Housing Associates, L.P.	49,646	49,646
Woodcroft Street Housing Associates, L.P.	109,814	65,648
Total Accounts Receivable - Related Parties	<u>\$ 6,576,381</u>	<u>\$ 6,241,063</u>

Note 7 - Restricted Reserves:

Restricted reserves are maintained in accordance with partnership, loan and other regulatory agreements. The restricted reserves consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Bandar Salaam Apartments	\$ 393,269	\$ 356,392
Daybreak/ Sunrise Place	283,655	265,425
Esperanza Garden Apartments	420,782	404,091
Eucalyptus View	139,421	126,157
Haley Ranch Estates	1,770,426	1,655,597
Hillside Village	648,952	564,783
La Costa Paloma	960,281	-
Marisol Apartments	257,243	240,444
Old Grove Apartments	289,942	250,072
Orange Place Apartments	453,771	420,875
Parkside Terrace Apartments	894,922	829,939
Parkview Terrace	-	654,323
Pine View Apartments	-	190,474
Total Restricted Reserves	<u>\$ 6,512,664</u>	<u>\$ 5,958,572</u>

Restricted reserves are classified as follows in the statements of cash flows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 6,197,713	\$ 5,663,197
Investments	314,951	295,375
Total Restricted Reserves	<u>\$ 6,512,664</u>	<u>\$ 5,958,572</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 8 - Loans Receivable:

Loans were funded through various types of loan programs. CHW is no longer funding loans to borrowers. All loans are serviced by a third party under a servicing agreement. Loans receivable consist of the following at December 31:

	<u>Interest Rates</u>	<u>Loan Terms</u>	<u>2019</u>	<u>2018</u>
CDGB Revolving Loan Fund	3.00%-6.00%	20 years	\$ 40,000	\$ 51,518
Neighborhood Reinvestment Corporation	3.00%-6.50%	10 years	229,041	333,790
HSF/WM	5.00%-6.50%	30 years	3,770	5,559
Neighborhood Housing Services of America - Community Development Financial Institutions	5.95%-6.50%	10 to 30 years	17,991	27,934
First Mortgage	6.25%	30 years	<u>229,238</u>	<u>236,409</u>
Total Loans Receivable			520,040	655,210
Less: Allowance for Collection Losses			<u>(52,000)</u>	<u>(65,500)</u>
Loans Receivable, Net			\$ <u>468,040</u>	\$ <u>589,710</u>

Accrued interest on loans receivable totaled \$25,377 and \$37,421 at December 31, 2019 and 2018, respectively.

Note 9 - Notes Receivable - Related Parties:

Notes receivable - related parties consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
The Organization loaned \$270,000 from a Neighborhood Reinvestment Corporation capital contribution to Alabama Manor Housing Associates, L.P. The note receivable from Alabama Manor Housing Associates, L.P. is noninterest bearing. Principal is due at maturity on December 31, 2064.	\$ 270,000	\$ 270,000
The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$2,731,129 bears interest at 3.8% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$254,239 and \$217,024 at December 31, 2019 and 2018, respectively.	2,731,129	2,731,129

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

	<u>2019</u>	<u>2018</u>
The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$513,201 bears interest at 3.8% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$61,832 and \$40,780 at December 31, 2019 and 2018, respectively.	\$ 513,201	\$ 513,201
The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$858,689 is noninterest bearing. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than December 31, 2073.	623,587	623,587
The deferred developer fee from Cypress Cove Housing Associates, L.P. bears interest at 4% compounded annually. Accrued interest totaled \$25,464 and \$41,130 at December 31, 2019 and 2018, respectively.	521,853	759,957
The Organization loaned \$300,000 from a Neighborhood Reinvestment Corporation capital contribution to Delta Village Housing Associates, L.P. The note receivable from Delta Village Housing Associates, L.P. is noninterest bearing. Payments of principal shall be paid from surplus cash calculated annually. Any unpaid principal is due November 1, 2035.	300,000	300,000
The note receivable from East Mountain Housing Associates, L.P. in the original amount of \$1,885,000 bears interest at 2.57%. No payments shall be due until the maturity date provided that following the repayment of the \$760,000 loan above, annual payments shall be made equal to 25% of residual receipts until the senior note is paid in full and then, 100% of residual receipts. Principal and accrued interest are due February 1, 2072. Accrued interest totaled \$109,146 and \$72,888 at December 31, 2019 and 2018, respectively.	1,326,789	1,326,789
The note receivable from El Norte Housing Associates, L.P. in the original amount of \$462,889 bears interest at 3%. Beginning in 2014, payments from residual receipts (100%) generated in the preceding year are due by April 30, with any remaining principal and accrued interest due December 31, 2068. Accrued interest totaled \$49,309 and \$41,366 at December 31, 2019 and 2018, respectively.	462,889	462,889
The note receivable from Foothill Oak Housing Associates, L.P. in the original amount of \$25,000 bears interest at 4.32%. Principal and accrued interest are due December 31, 2067. Accrued interest totaled \$2,538 and \$2,185 at December 31, 2019 and 2018, respectively.	6,000	6,000

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

	<u>2019</u>	<u>2018</u>
The deferred developer fee from Fruit Avenue Housing Associates, LP bears interest at 1.53% annually. Accrued interest totaled \$116,397 and \$58,198 at December 31, 2019 and 2018, respectively.	\$ 3,803,819	\$ 3,803,819
The note receivable from Fruit Avenue Housing Associates, LP in the original amount of \$8,251,620 bears interest at 2.26% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$580,394 and \$385,202 at December 31, 2019 and 2018, respectively.	8,251,620	8,251,620
The note receivable from Keeler Court Housing Associates, L.P. in the original amount of \$700,000 is noninterest bearing. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than December 1, 2074.	700,000	-
The note receivable from Lindo Housing Associates, L.P. in the original amount of \$2,246,408 bears interest at 2.57%. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2072. Accrued interest totaled \$71,316 and \$60,551 at December 31, 2019 and 2018, respectively.	2,133,540	2,133,540
The note receivable from Mission Cove Seniors Housing Associates, L.P. in the original amount of \$50,000 bears interest at 5%. Principal and interest are payable from residual receipts determined on an annual basis beginning in 2018. Principal and accrued interest are due 55 years from the close of the permanent loan, but not later than December 31, 2073. Accrued interest totaled \$2,141 and \$9,210 at December 31, 2019 and 2018, respectively.	22,167	50,000
Deferred developer fee from Monument Boulevard Housing L.P.	3,093,856	3,093,853

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

	<u>2019</u>	<u>2018</u>
The note receivable from Monument Boulevard Housing, L.P. in the original amount of \$9,917,907 bears interest at 2.58% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due no later than July 1, 2062. Accrued interest totaled \$99,456 and \$349,149 at December 31, 2019 and 2018, respectively.	\$ 8,619,590	\$ 9,917,907
The note receivable from North Santa Fe Housing Associates, L.P. in the original amount of \$370,120 bears interest at 4%. Beginning in the calendar year following receipt of a certificate of occupancy for the Project, payments from residual receipts generated in the preceding year are due by May 1, with any remaining principal and accrued interest due December 31, 2075. Accrued interest totaled \$54,792 and \$67,259 at December 31, 2019 and 2018, respectively.	370,120	370,120
The Organization loaned \$210,000 to Oak Knoll Housing Associates, L.P. The note receivable from Oak Knoll Housing Associates, L.P. is noninterest bearing. Payments of principal shall be paid from surplus cash calculated annually. Any unpaid principal is due May 1, 2064.	210,000	210,000
The note receivable from Texas Street Senior Housing Associates, L.P. in the original amount of \$2,727,985 bears interest at 2.24% compounded annually. Principal and interest are payable annually from residual receipts determined on an annual basis beginning no later than June 1, 2019 for the calendar year ended December 31, 2018. Principal and accrued interest are due no later than December 31, 2073. Accrued interest totaled \$8,788 and \$151,233 at December 31, 2019 and 2018, respectively.	2,011,028	2,727,985
The note receivable from Texas Street Senior Housing Associates, L.P. in the original amount of \$750,000 bears interest at 2.24% compounded annually. Principal and accrued interest are due July 1, 2073. Accrued interest totaled \$59,309 and \$41,578 at December 31, 2019 and 2018, respectively.	750,000	750,000
The note receivable from Tripp Avenue Housing Associates L.P. in the original amount of \$28,256,476 bears interest at 2.09% per annum. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 1, 2064. Accrued interest totaled \$30,741 and \$-0- at December 31, 2019 and 2018, respectively.	28,256,476	-

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

	<u>2019</u>	<u>2018</u>
The note receivable from Turnagain Renaissance Housing Associates L.P. in the original amount of \$200,000 bears interest at 4.32% per annum. Payments of principal and interest are due at maturity on December 31, 2064. Accrued interest totaled \$96,200 and \$87,560 at December 31, 2019 and 2018, respectively.	\$ 200,000	\$ 200,000
The note receivable from Woodcroft Street Housing Associates, L.P. in the original amount of \$1,500,000 bears interest at 4.00%. Interest is payable annually beginning May 1, 2014. Principal and accrued interest are due March 1, 2054. Secured by a deed of trust. Accrued interest totaled \$66,800 and \$39,708 at December 31, 2019 and 2018, respectively.		
	<u>677,307</u>	<u>677,307</u>
Total Notes Receivable - Related Parties	<u>\$ 65,854,968</u>	<u>\$ 39,179,703</u>

There are no required payments due in the next five years. Accrued interest totaled \$1,775,687 and \$1,723,859 at December 31, 2019 and 2018, respectively.

Note 10 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 18,522,905	\$ 17,858,984
Buildings and improvements	95,971,204	98,060,733
Equipment	38,148	375,537
Furniture and fixtures	4,796,806	4,345,389
Vehicles and trailer	3,483	3,483
Construction in progress	<u>4,468,649</u>	<u>3,968,310</u>
Subtotal	123,801,195	124,612,436
Less: Accumulated depreciation	<u>(45,798,998)</u>	<u>(37,081,218)</u>
Property and Equipment, Net	<u>\$ 78,002,197</u>	<u>\$ 87,531,218</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 11 - Investments in Limited Partnerships:

The Organization owns partner interests in limited partnerships accounted for on the equity method. The following are the balances in the Organization's partnership capital accounts at December 31:

	<u>2019</u>	<u>2018</u>
Alabama Manor Housing Associates, L.P. (.01%)	\$ (336)	\$ (324)
Cedar Nettleton Housing Associates, L.P. (.01%)	30,211	30,233
Community Road Housing Associates, L.P. (.01%)	(496)	(459)
Cypress Cove Housing Associates, L.P. (.01%)	131,602	98,199
Delta Village Housing Associates, L.P. (.01%)	(224,009)	230,120
Dove Family Housing Associates, L.P. (.005%)	-	(450)
East Mountain Housing Associates, L.P. (.01%)	26,363	26,400
El Norte Housing Associates, L.P. (.01%)	249,801	249,836
Fallbrook View Housing Associates, L.P. (.01%)	9,280	(677)
Florida Street Housing Associates, L.P. (.01%)	944,139	944,245
Foothill Oak Housing Associates, L.P. (.01%)	(155)	(112)
Fruit Avenue Housing Associates, L.P. (.01%)	74,874	62
Keeler Court Housing Associates, L.P. (.01%)	100	-
Kimball Tower Housing Associates, L.P. (.005%)	64	-
Lindo Housing Associates, L.P. (.01%)	473,984	474,028
Mission Cove Seniors Housing Associates, L.P. (.01%)	41,491	41,540
Monument Boulevard Housing Associates, L.P. (.01%)	776,830	717,486
Morgan Tower Housing Associates, L.P. (.005%)	69	-
Mountain View Housing Associates, L.P. (.01%)	577,040	577,086
North Santa Fe Housing Associates, L.P. (.01%)	(334)	(247)
Oak Knoll Housing Associates, L.P. (.01%)	362,585	362,600
Paradise Creek Housing Partners, L.P. (.005%)	(377)	(158)
Paradise Creek II Housing Partners, L.P. (.005%)	4,549,908	4,549,979
Preservation Investment – Parkside Terrace LLC (25%)	2,073,947	1,704,450
Poway Villas Housing Associates, L.P. (.01%)	(3,402)	(3,323)
Solutions Family Center, L.P. (1%)	(10,463)	(7,802)
Texas Street Senior Housing, L.P. (.01%)	1,556,559	1,556,662
Tripp Avenue Housing Associates, L.P. (.01%)	262,167	-
Turnagain Renaissance Housing Associates, L.P. (.01%)	2,132	2,180
Woodcroft Street Housing Associates, L.P. (.01%)	(256,535)	(256,501)
	<u>\$ 11,647,039</u>	<u>\$ 11,295,053</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 11 - Investments in Limited Partnerships: (Continued)

CHW provided development, management and other services to these partnerships for which it earned the following amounts for the years ended December 31:

		2019	
	Management Fees	Resident Services	Developer Fees
Alabama Manor Housing Associates, L.P.	\$ 22,326	\$ 59,664	\$ -
Cedar Nettleton Housing Associates, L.P.	13,261	38,625	-
Community Road Housing Associates, L.P.	37,776	22,250	-
Cypress Cove Housing Associates, L.P.	27,318	106,090	-
Delta Village Housing Associates, L.P.	125,094	50,000	-
East Mountain Housing Associates, L.P.	33,766	23,734	-
El Norte Housing Associates, L.P.	23,194	30,000	-
Fallbrook View Housing Associates, L.P.	35,399	63,972	-
Florida Street Housing Associates, L.P.	47,301	48,696	-
Foothill Oak Housing Associates, L.P.	71,644	-	-
Fruit Housing Associates, L.P.	5,198	-	-
Keeler Court Housing Associates, L.P.	-	-	1,836,979
Kimball Tower Housing Associates, L.P.	25,000	-	700,000
Lindo Housing Associates, L.P.	28,139	49,173	-
Mission Cove Seniors Housing Associates, L.P.	89,396	51,250	-
Monument Boulevard Housing Associates, L.P.	25,750	-	-
Morgan Tower Housing Associates, L.P.	25,000	-	560,000
Mountain View Housing Associates, L.P.	63,315	17,213	-
North Santa Fe Housing Associates, L.P.	16,557	43,032	-
Oak Knoll Housing Associates, L.P.	29,200	14,600	-
Paradise Creek Housing Partners, L.P.	32,295	60,000	-
Paradise Creek II Housing Partners, L.P.	32,111	61,800	-
Poway Villas Housing Associates, L.P.	22,467	-	-
Texas Street Senior Housing, L.P.	15,450	54,338	-
Turnagain Renaissance Housing Associates, L.P.	-	-	-
Tripp Avenue Housing Associates, L.P.	22,486	-	3,283,175
Woodcroft Street Housing Associates, L.P.	52,169	18,487	-
	<u>\$ 921,612</u>	<u>\$ 812,924</u>	<u>\$ 6,380,154</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 11 - Investments in Limited Partnerships: (Continued)

		2018	
	Management Fees	Resident Services	Developer Fees
Alabama Manor Housing Associates, L.P.	\$ 21,888	\$ 57,931	\$ -
Cedar Nettleton Housing Associates, L.P.	12,875	37,500	-
Community Road Housing Associates, L.P.	36,499	22,250	-
Cypress Cove Housing Associates, L.P.	26,522	103,000	-
Delta Village Housing Associates, L.P.	38,993	50,000	-
Dove Family Housing Associates, L.P.	52,657	133,900	-
East Mountain Housing Associates, L.P.	32,782	21,852	-
El Norte Housing Associates, L.P.	22,628	30,900	-
Fallbrook View Housing Associates, L.P.	34,404	36,050	-
Florida Street Housing Associates, L.P.	41,529	47,277	-
Foothill Oak Housing Associates, L.P.	69,558	-	-
Fruit Housing Associates, L.P.	5,047	-	-
Lindo Housing Associates, L.P.	27,319	47,741	-
Mission Cove Seniors Housing Associates, L.P.	32,963	36,667	600,000
Monument Boulevard Housing Associates, L.P.	25,000	-	5,548,400
Mountain View Housing Associates, L.P.	13,261	16,068	-
North Santa Fe Housing Associates, L.P.	16,153	41,577	-
Oak Knoll Housing Associates, L.P.	28,213	14,106	-
Paradise Creek Housing Partners, L.P.	25,000	61,500	-
Paradise Creek II Housing Partners, L.P.	-	25,000	325,000
Poway Villas Housing Associates, L.P.	22,467	-	-
Texas Street Senior Housing, L.P.	15,000	52,500	-
Turnagain Renaissance Housing Associates, L.P.	22,486	-	-
Woodcroft Street Housing Associates, L.P.	50,648	54,636	-
	<u>\$ 673,892</u>	<u>\$ 890,455</u>	<u>\$ 6,473,400</u>

In addition, the Organization earned interest on advances and notes receivable to related entities totaling \$1,592,924 and \$1,223,064 for the years ended December 31, 2019 and 2018, respectively.

Note 12 – Lines-of-Credit

The unsecured revolving line of credit note, which was originated on March 28, 2019, is held by Pacific Premier Bank in the original amount of \$2,000,000 and bears interest at the WSJ prime rate per annum (4.75% at December 31, 2019). Interest is payable monthly. The line-of-credit note expires April 1, 2020. The outstanding balance on the line-of-credit totaled \$2,000,000 and \$-0- at December 31, 2019 and 2018, respectively.

The unsecured revolving line of credit note which was originated on October 27, 2014, is held by Western Alliance Bank in the original amount of \$2,000,000 and bears interest at the index rate plus 1% per annum. Interest is payable monthly. The line-of-credit note expired September 15, 2019 and was renewed on February 4, 2020 with an expiration date of September 15, 2021. There was no outstanding balance on the line-of-credit at December 31, 2019 and 2018.

The secured revolving line of credit note, which was originated on May 29, 2014, is held by JPMorgan Chase Bank, N.A. in the original amount of \$1,500,000 and bears interest at the index rate plus 4.309% per annum. Interest is payable monthly. The line-of-credit note expires January 25, 2021. There was no outstanding balance on the line-of-credit at December 31, 2019 and 2018.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt

Notes payable – amortized debt consists of the following at December 31:

<u>Community HousingWorks</u>	<u>2019</u>	<u>2018</u>
The note payable, which was originated on November 24, 2015, is held by the San Diego Housing Commission in the original amount of \$121,871. The note is noninterest bearing. Principal is payable in annual installments of \$30,468 beginning June 30, 2016 through the maturity date of June 30, 2019. Unsecured.	\$ -	\$ 30,468
The note payable, which was originated on July 7, 2008, is held by Northern Trust Company in the original amount of \$1,000,000. The note bears interest at 2% per annum. Principal and accrued interest are due July 30, 2023. Unsecured.	1,000,000	1,000,000
The note payable, which was originated on August 13, 2013, is held by Union Bank, N.A. in the original amount of \$750,000, and bears interest at 2.50% per annum. Interest is payable quarterly. Principal and accrued interest are due September 1, 2019. The loan may be extended for an additional twelve (12) months. Unsecured.	750,000	750,000
The note payable, which was originated March 25, 2015, is held by Union Bank, N.A. in the original amount of \$650,000, and bears interest at 2% per annum. Interest is payable quarterly. Principal and accrued interest are due April 1, 2020. Unsecured.	650,000	650,000
The note payable, which was originated on January 31, 2011 is held by Sunwest Bank in the original amount of \$250,000, and bears interest at 3.0% per annum. Interest is payable quarterly. Principal and accrued interest are due January 31, 2021. Unsecured.	250,000	250,000
The note payable, which was originated on March 17, 2016, is held by Poway Villas Community Housing Association in the original amount of \$2,500,000, and bears interest at 3.00% per annum. Interest is payable quarterly. Principal and accrued interest are due April 1, 2021. Unsecured.	2,500,000	2,500,000
The note payable, which was originated on March 5, 2019, is held by the Wells Fargo Bank, N.A. in the original amount of \$500,000, and bears interest at 2% per annum. Interest is payable quarterly and principal payments of \$62,500 are due quarterly beginning March 2023 through the maturity date of March 5, 2025. Unsecured.	500,000	-
Total Community HousingWorks	5,650,000	5,180,468

(Continued)

Note 13 - Notes Payable – Amortized Debt: (Continued)

2018

\$ - \$ 822,500

-	750,000
<hr/>	<hr/>
-	1,572,500

Total Partnership and Limited Liability Companies

1,099,290	1,141,255
-----------	-----------

7,470,000 7,470,000

658,224 687,760

38

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt: (Continued)

Esperanza Housing and Community Development Corporation
(Continued)

2019

2018

The mortgage note, which was originated on December 1, 2003, is held by the City of Oceanside in the original amount of \$718,000, and bears interest at 3% per annum. Principal and interest are payable in the amount of \$3,982 each month through December 1, 2023. Secured by a deed of trust on Old Grove Apartments.

\$ 176,369 \$ 218,180

The first mortgage note, which was originated on March 3, 1994, is held by CitiCorp in the original amount of \$210,000. The notes bears interest at 4.93%. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the Partnership in the amount of \$1,292 each month through April 1, 2024. Secured by a deed of trust on Daybreak Grove / Sunrise Place Apartments.

55,782 67,052

The first mortgage note is held by Pacific Life in the original amount of \$614,000. The note bears interest at 9.27% per annum. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the Partnership in the amount of \$5,060 each month through October 1, 2027. Secured by a deed of trust on Orange Place Apartments.

326,188 358,879

The first mortgage note, which was originated on November 5, 1998, is held by Pacific Life in the original amount of \$1,945,820. The note bears interest at 8.24% per annum. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the partnership in the amount of \$14,605 each month through December 1, 2028. Secured by a deed of trust on Parkview Terrace.

1,111,169 1,191,245

The first mortgage note is held by Bank of America in the original amount of \$953,000. The note bears interest at 8.76% per annum. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the partnership in the amount of \$7,504 each month through October 1, 2031. Secured by a deed of trust on Bandar Salaam Apartments.

662,007 692,593

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt: (Continued)

Esperanza Housing and Community Development Corporation
(Continued)

2019

2018

The bonds payable, which were originated on June 1, 2003, are held by the City of Carlsbad in the original amount of \$20,000,000, and bear interest at a variable rate determined weekly. Accrued interest is payable monthly. The principal of each bond is payable upon the presentation and surrender of such bond, when due through June 1, 2046. Secured by all of the revenues of La Costa Paloma and a letter of credit (Note 18). An IRSC agreement, effective July 1, 2005, effectively fixed the interest rate on the bonds payable at 4.309% until the termination date of July 1, 2022 (Note 16).

\$ 12,415,000 \$ -

The note payable, which was originated on December 16, 2019, is held by Neighborworks Capital in the original amount of \$3,645,000, and bears interest at 5.75% per annum. Interest only payments are payable monthly. Principal and accrued interest are due no later than December 1, 2023. Secured by a deed of trust on Las Haciendas..

3,645,000 -

The note payable, which was originated on December 16, 2019, is held by Neighborworks Capital in the original amount of \$1,200,000 (\$5,453 advanced at December 31, 2019), and bears interest at 5.50% per annum. Interest only payments are payable monthly. Principal and accrued interest are due no later than December 1, 2023. Secured by a deed of trust on Las Haciendas.

5,453 -

The note payable, which was originated on March 22, 2017, is held by Jones Lang LaSalle Multifamily, LLC in the original amount of \$31,000,000. Payments of interest only at the variable rate of LIBOR plus 2.69% (4.06188% at December 31, 2017) adjusted monthly are payable monthly beginning on May 1, 2017 through the maturity date. Principal and accrued interest are due October 1, 2019. Secured by a deed of trust on Parkside Terrace Apartments.

- 31,000,000

The note payable, which was originated on March 22, 2017, is held by the Parkside Terrace, LLC in the original amount of \$8,750,000, and bears interest at 10%. Principal and interest are payable from cash flow determined on a quarterly basis. Principal and accrued interest are due no later than December 31, 2021. Collateralized by a deed of trust on Parkside Terrace Apartments.

- 8,344,552

Total Esperanza Housing and Community Development Corporation

27,624,482 51,171,516

Less: Unamortized debt issuance costs

(430,407) (276,365)

Total Esperanza Housing and Community Development Corporation, Net

27,194,075 50,895,151

Total Notes Payable – Amortized Debt, Net

\$ 32,844,075 \$ 57,648,119

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt: (Continued)

Debt issuance costs total \$776,631 and \$815,215, less accumulated amortization of \$346,224 and \$538,850, at December 31, 2019 and 2018, respectively.

The future principal payments on the notes payable – amortized debt are as follows:

<u>Years Ended</u> <u>December 31</u>	
2020	\$ 1,886,050
2021	10,725,630
2022	526,680
2023	5,196,232
2024	515,527
Thereafter	14,424,363
Less: Unamortized debt issuance costs	<u>(430,407)</u>
Total	<u><u>\$ 32,844,075</u></u>

Note 14 - Notes Payable - Residual Receipts Debt:

The Organization obtains financing through notes that are repayable from a percentage of the annual residual receipts generated by the related property. Payments are applied first to any unpaid accrued interest, and then to principal. Interest accrued on these notes based on the stated rate in the note agreement with interest rates ranging from 0% to 11.5%. These notes are each secured by a deed of trust on the property indicated below.

Debt issuance costs total \$14,467 and \$10,767, less accumulated amortization of \$7,500 and \$7,230, at December 31, 2019 and 2018, respectively.

The notes payable and accrued interest consist of the following at December 31:

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 14 - Notes Payable – Residual Receipts Debt: (Continued)

				2019		2018	
	Property	Rate	Maturity Date	Interest	Principal	Interest	Principal
Community HousingWorks:							
City of Escondido	Las Casitas Maple	0%	December 31, 2029	\$ -	\$ 170,000	\$ -	\$ 170,000
City of Escondido	Las Casitas Maple	3%	February 1, 2039	113,957	182,355	108,486	182,355
City of Escondido	Las Casitas Washington	3%	March 2, 2039	76,250	122,000	72,590	122,000
SD Dept. of Housing and Community Development	Las Casitas Washington	0%	October 29, 2022	-	73,500	-	98,000
Western Alliance Bank (AHP)	North Park Seniors	0%	January, 2033	-	750,000	-	750,000
MUFG Union Bank (AHP)	Keeler Court	0%	December 1, 2074	-	700,000	-	-
Esperanza Housing and Community Development Corporation:							
San Diego Housing Commission	Bandar Salaam	3%	July 2055	1,170,221	2,100,000	1,105,977	2,100,000
First Republic Bank (AHP)	Bandar Salaam	0%	July 2032	-	482,000	-	482,000
CA Dept. of Housing and Community Development	Daybreak Grove/Sunrise	3%	February 1, 2054	577,008	846,000	572,792	846,000
City of Escondido	Daybreak Grove/Sunrise	3%	December 4, 2021	380,202	502,407	376,212	502,407
City of Escondido	Eucalyptus View	3%	October 2055	50,033	125,000	46,283	125,000
City of Escondido	Eucalyptus View	3%	October 2055	256,411	480,945	241,983	480,945
California Housing Finance Agency	Eucalyptus View	0%	November 1, 2056	-	63,092	-	63,092
Poway Housing Authority	Hillside Village	3%	June 2058	1,548,491	3,930,370	1,430,579	3,930,370
JPMorgan Chase Bank (AHP)	Hillside Village	0%	December 1, 2021	-	280,000	-	280,000
Real Estate Collateral Management Company	La Costa Paloma	0%	April 1, 2060	-	640,021	-	-
County of San Diego	Marisol Apartments	3%	January 15, 2052	169,895	249,746	164,321	249,746
City of Oceanside	Marisol Apartments	0%	February 20, 2052	-	310,797	-	310,797
City of Oceanside	Marisol Apartments	0%	August 19, 2036	-	70,000	-	70,000
County of San Diego	Marisol Apartments	3%	February 20, 2052	253,182	400,000	247,418	400,000
SD Dept. of Housing and Community Development	Old Grove Apartments	3%	September 1, 2058	108,000	200,000	102,000	200,000
City of Oceanside	Old Grove Apartments	3%	August 2058	598,675	1,385,000	573,844	1,385,000
Bank of America (AHP)	Old Grove Apartments	0%	December 1, 2019	-	534,654	-	534,654
California Housing Finance Agency	Old Grove Apartments	0%	May 2059	-	96,160	-	96,160
CA Dept. of Housing and Community Development	Old Grove Apartments	3%	May 2059	886,378	2,490,000	851,858	2,490,000
City of Escondido	Orange Place	3%	July 20, 2050	260,877	400,000	248,877	400,000
City of Escondido	Orange Place	3%	February 11, 2051	494,204	763,516	471,299	763,516
City of Escondido	Orange Place	0%	December 31, 2049	-	250,000	-	250,000
Bank of America (AHP)	Parkview Terrace	0%	October 1, 2054	-	90,000	-	90,000
SDCF Charitable Real Estate Fund	Parkview Terrace	5.5%	March 15, 2039	3,378,246	3,708,006	3,183,229	3,708,006
City of Escondido	Windsor Gardens	2.21%	May 2075	83,072	14,000,000	-	-
City of Escondido	Windsor Gardens	3.0%	May 2075	7,200	900,000	-	-
Escondido Family Housing Corporation:							
CA Dept. of Housing and Community Development	Esperanza Gardens	3%	May, 2035	532,373	1,000,000	512,373	1,000,000
Community Housing Solutions:							
County of San Diego	Pine View Apartments	3%	April 1, 2045	-	-	1,079,497	2,623,000
County of San Diego	Pine View Apartments	3%	July 1, 2064	-	-	184,027	714,276
Low Income Investment Fund	Pine View Apartments	11.5%	Indefinite	-	-	1,004,645	707,531
Total Notes Payable - Residual Receipts Debt				10,944,675	38,295,569	12,578,290	26,124,855
Less: Unamortized debt issuance costs				-	(6,967)	-	(3,537)
Total Notes Payable - Residual Receipts Debt, Net				\$ 10,944,675	\$ 38,288,602	\$ 12,578,290	\$ 26,121,318

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 15 - Bonds Payable - Pine View:

The bonds payable totaled \$-0- and \$7,076,817 net of debt issuance costs of \$-0- and \$126,770 at December 31, 2019 and 2018, respectively. The bonds were repaid in full on July 1, 2019, when Pine View sold the property.

Note 16 - Interest Rate Swap Contract:

The bonds payable for La Costa Paloma to the City of Carlsbad bear interest at a variable rate determined weekly. To minimize the effect of changes in the prime rate, an interest rate swap contract (swap) was entered into under which interest is paid at a fixed rate of 4.309% beginning on the effective date of the swap through the termination date of July 1, 2022.

The swap was issued at market terms so that it had no fair value at its inception. The carrying amount of the swap has been adjusted to its fair value at the end of the year. The obligation is classified as noncurrent since management does not intend to settle it during the year ended December 31, 2020. The obligation under interest rate swap totaled \$948,438 at December 31, 2019. The change in obligation under interest rate swap totaled \$89,700 for the year ended December 31, 2019.

Note 17 - Net Assets:

Board-Designated Net Assets

The Organization's governing board has designated a portion of its resources without donor restrictions for the following purposes:

Housing Futures Fund

The Housing Futures Fund (HFF) was established to provide financial resources for the development of affordable housing units when appropriate investment opportunities are identified. The HFF has a total commitment of \$25,105,999 of which CHW has committed \$13,955,999 of unrestricted resources and \$11,150,000 available through various financing instruments. The HFF has outstanding investments of \$13,217,852 and \$10,609,353 at December 31, 2019 and 2018, respectively. The HFF has \$11,888,148 and \$11,621,646 available at December 31, 2019 and 2018, respectively, including \$3,500,000 available through debt financing for the years ended December 31, 2019 and 2018.

Long-Term Operating Reserve

The long-term operating reserve has been established to ensure the stability of the mission, programs, employment and ongoing operations of CHW. The long-term operating reserve has been established with a range of four to six months of operating expenses and totaled \$4,298,145 and \$4,000,000 at December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 17 - Net Assets: (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of contributions received or receivable by the Organization with donor restrictions for which the funds were not spent for their intended use at December 31, 2019 and 2018. Net assets with donor restrictions are summarized as follows at December 31:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Financial Well-being	\$ 156,792	\$ 335,000
Portfolio Strengthening	150,000	-
After School Program	130,000	-
CDBG Revolving Loan Fund	118,812	118,051
Loan loss reserve (NRC)	52,000	65,500
North Park Seniors	25,000	-
Rental Home Stability Program	14,583	8,334
Total Subject to Expenditure for Specified Purpose	<u>647,187</u>	<u>526,885</u>
Subject to the Passage of Time:		
Contributions receivable, net	<u>750</u>	<u>20,235</u>
Perpetual in Nature:		
The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC)	<u>772,840</u>	<u>1,104,057</u>
Total Net Assets with Donor Restrictions	\$ <u>1,420,777</u>	\$ <u>1,651,177</u>

Net assets of a perpetual nature consist of grants received from The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC) doing business as NeighborWorks America. These funds are restricted until released by NRC. The funds were originally used to fund loans to borrowers and are currently used to provide funds for capital projects. The interest earned on the loans is not restricted.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions Accomplished:		
Financial Well-being	\$ 450,709	\$ 206,250
The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC)	331,217	473,167
Rental Home Stability Program	18,750	1,666
Loan loss reserve (NRC)	13,500	11,800
Time Restrictions Fulfilled:		
Contributions receivable	<u>26,000</u>	<u>49,500</u>
Total Net Assets Released From Restrictions	\$ <u>840,176</u>	\$ <u>742,433</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 18 - Commitments and Contingencies:

Operating Leases

The Organization leases office space under lease agreements expiring on various dates through December 31, 2025. Future minimum rental payments are as follows:

<u>Years Ended</u> <u>December 31</u>	
2020	\$ 575,016
2021	601,056
2022	629,100
2023	657,156
2024	687,204
Thereafter	717,264
	<u>\$ 3,866,796</u>

Rent, common area and maintenance expense net of the sublease rental income totaled \$628,280 and \$551,176 for the years ended December 31, 2019 and 2018, respectively. The Organization subleased office under sublease agreements that expired in 2018. Rental income from subleases totaled \$-0- and \$50,841 for the years ended December 31, 2019 and 2018, respectively.

Lease Agreement

On September 26, 2000, Haley Ranch Estates Housing Associates, L.P (“Haley Ranch”) entered into a lease and regulatory agreement with the Poway Redevelopment Agency (“Agency”) to operate and maintain the Haley Ranch Estates rental housing project for an initial term ending on September 1, 2003. Haley Ranch has agreed to pay the Agency the sum of one dollar annually, plus an amount equal to 50% of the residual receipts, as defined in the lease agreement during the initial lease period. The subsequent term of the lease commenced on September 2, 2003 and will end on September 25, 2042. Haley Ranch has four ten-year renewal options under this lease with the Agency ending September 25, 2082.

Retirement Plan

CHW has established a 401(k) safe-harbor profit-sharing plan (the “Plan”) for eligible employees. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. CHW makes a matching contribution equal to 100% of the first 3% and 50% of the amount that exceeds 3% up to 5%. CHW contributed \$169,030 and \$154,213 for the years ended December 31, 2019 and 2018, respectively.

Letter of Credit

The bonds payable to the City of Carlsbad require the Partnership to provide an irrevocable Letter of Credit. The Letter of Credit was issued by Citibank, N.A. in the amount of the bonds outstanding (\$12,415,000 at December 31, 2019). The Letter of Credit will expire on June 30, 2020 unless it expires earlier or is extended in accordance with its terms. There is a monthly fee paid on the Letter of Credit to Citibank, N.A. No demands for payment were made on the Letter of Credit at December 31, 2019

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 18 - Commitments and Contingencies: (Continued)

Capital Contribution Commitments and Operating Guarantees

The Partnership and Operating Agreements provide for various obligations of the Organization as the General Partner or Managing Member, including their obligation to provide funds for any development and operating deficits, and the Organization is obligated as a guarantor on certain debt obligations. The Organization has not incurred any losses related to these obligations at December 31, 2019 and 2018.

Legal Matters

The Organization is subject to claims that arise out of the normal course of business. The Organization maintains insurance coverage and uses various risk management activities which, combined, management believes are sufficient to ensure that the final outcome of any claims or proceedings will not have an adverse material effect on the consolidated financial position, operations, or liquidity of the Organization.

Grant Awards and Notes Receivables

CHW has evaluated the projected cash flow available for repayment of the notes receivable and has recorded an allowance for uncollectible amounts equal to the balance of the notes receivable. Interest earned on the notes receivable is expected to be collected, and has been accrued at December 31, 2019 and 2018. Payments received are recorded as revenue in the period that they are received.

Grant Awards and Notes Receivables

Paradise Creek Housing Partners, L.P. and Paradise Creek II Housing Partners, L.P.

In 2011, CHW was awarded a grant in the amount of \$14,957,000 for the sole purpose of CHW making a loan to PCHP. The note receivable dated November 19, 2014 bears interest at .25% beginning after construction has been completed. Payments of principal and interest are payable annually from cash flow, with any remaining balance due November 19, 2069. The balance of the note receivable and interest receivable totals \$14,764,896 and \$27,811 and \$14,815,484 and \$37,096, respectively, at December 31, 2019 and 2018, respectively. Payments on the note receivable and interest totaled \$96,806 and \$188,099 for the years ended December 31, 2019 and 2018, respectively.

In 2011, CHW was awarded a grant in the amount of \$5,350,800 for the sole purpose of CHW making a loan to PCHP. The note receivable dated November 19, 2014 is noninterest bearing. Principal payments are payable annually from cash flow, as defined, with any remaining balance due November 19, 2069. The balance of the note receivable totals \$5,234,906 and \$5,271,734 at December 31, 2019 and 2018, respectively. Payments on the note receivable totaled \$36,828 and \$79,066 for the years ended December 31, 2019 and 2018, respectively.

In 2015, CHW was awarded a grant in the amount of \$14,909,000 for the sole purpose of CHW making a loan to PCHP-II. The note receivable dated October 2015 bears interest at .25% beginning after construction has been completed. Payments of principal and interest are payable annually from cash flow, with any remaining balance due 55 years after the expiration of the stabilization period, as defined. The balance of the note receivable and interest receivable totals \$14,909,000 and \$59,014 and \$14,909,000 and \$21,742, respectively, at December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 18 - Commitments and Contingencies: (Continued)

Grant Awards and Notes Receivables (Continued)

In 2015, CHW was awarded a grant in the amount of \$4,000,000 for the sole purpose of CHW making a loan to PCHP-II. The note receivable dated October 2015 is noninterest bearing. Principal payments are payable annually from cash flow, as defined, with any remaining balance due 55 years after the expiration of the stabilization period, as defined. The balance of the note receivable totals \$4,000,000 at December 31, 2019 and 2018. Grant advances totaling \$-0- and \$400,000 have been recorded as grant revenue for the years ended December 31, 2019 and 2018, respectively.

In 2018, CHW was awarded a grant in the amount of \$4,550,000 for the sole purpose of CHW making a capital contribution to PCHP-II. The grant advance of \$4,550,000 has been recorded as revenue and investment in limited partnership for the year ended December 31, 2018.

Fruit Avenue Housing Associates, L.P.

In 2017, CHW was awarded a grant in the amount of \$1,714,806, which it loaned to Fruit Housing Associates, L.P. to complete a weatherization program at Parks at Fig Apartments. The note receivable dated December 16, 2016 bears interest at 7.0% per annum. Principal and interest payments are payable annually from cash flow, as defined, with any remaining balance due November 30, 2071. The balance of the note receivable and interest receivable totals \$1,745,723 and \$183,910 and \$1,349,712 and \$78,262, respectively, at December 31, 2019 and 2018, respectively. Grant advances totaling \$396,011 and \$676,901 have been recorded as grant revenue for the years ended December 31, 2019 and 2018, respectively.

The following is a summary of the assets, revenue, and expense recorded as of and for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Notes receivable	\$ 40,654,525	\$ 40,345,930
Less: Allowance for uncollectible	<u>(40,654,525)</u>	<u>(40,345,930)</u>
Notes Receivable, Net	<u>\$ -</u>	<u>\$ -</u>
Interest receivable	\$ 270,735	\$ 137,100
Less: Allowance for uncollectible	<u>(183,910)</u>	<u>(78,262)</u>
Interest Receivable, Net	<u>\$ 86,825</u>	<u>\$ 58,838</u>
Interest income	\$ 179,853	\$ 133,045
Less: Allowance for uncollectible	<u>(105,648)</u>	<u>(78,262)</u>
Interest Income, Net	<u>\$ 74,205</u>	<u>\$ 54,783</u>
Grant revenue	\$ -	\$ 4,550,000
Grant revenue	396,011	1,076,901
Less: Allowance for uncollectible	<u>(396,011)</u>	<u>(1,076,901)</u>
Grant Revenue, Net	<u>\$ -</u>	<u>\$ 4,550,000</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 18 - Commitments and Contingencies: (Continued)

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. The potential impacts to the Organization include disruptions or restrictions on our employees' ability to work, suspension of programming, reduction in contributions from donors and reduced revenue from rental income. In addition, there has been a significant decline in the stock market, which has had a negative impact on the Organization's investments. Changes to the operating environment may also be impacted and may have an impact on operating costs. The future effects of these issues are unknown.

Note 19 - Acquisitions and Dispositions of Partnership Interests:

During 2019, the Organization acquired a limited partnership interest in Dove Family Housing Associates, L.P. As a result, the Organization has now consolidated this wholly owned partnership and has included the capital account of the partnership at acquisition into net assets.

During 2019, the Organization deconsolidated Keeler Court Housing Associates, L.P., Kimball Tower Housing Associates, L.P. and Morgan Tower Housing Associates, L.P. The assets and liabilities have been removed from the consolidated statement of financial position, which had no effect on net assets for the year ended December 31, 2019.

During 2018, the Organization acquired a limited partnership interest in Mission Grove Housing Associates, L.P. As a result, the Organization has now consolidated this wholly owned partnership and has included the capital account of the partnership at acquisition into net assets.

Note 20 – Subsequent Events:

Sale of Property

On January 22, 2020 the Organization sold the 206 Cedar Road property that was held for sale for \$2,085,000.

Loan Funding

On March 1, 2020 the Organization obtained a \$3,000,000 loan to provide working capital to (i) acquire real property on which to construct future Projects or (ii) to fund predevelopment costs incurred in connection with a Project. The loan bears interest at 0.8% per annum and requires quarterly interest payments beginning April 1, 2020 through the maturity date of March 1, 2025 when all principal and interest are due unless extended for twelve months in accordance with the terms of the loan.

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES
DECEMBER 31, 2019

Partnership Name	Property Name	Units	Location	CHW Equity Owned Through LLC	CHW Equity	Esperanza	Escondido	Accounting Method
Alabama Manor Housing Associates, L.P.	Alabama Manor Apartments	67	San Diego	N/A	0.010%	-	-	Equity
Arden Way Housing Associates, L.P.	Development	-	-	Boxwood Street Housing LLC	99.00%	1.000%	-	Consolidated
Breihan Housing Associates, L.P.	Hillside Village	71	Poway	N/A	0.010%	99.99%	-	Consolidated
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.010%	-	-	Equity
Cedar Road Housing Associates	Sold December 14, 2016	-	-	N/A	1.000%	99.00%	-	Consolidated
CHW Arden Way Development LLC	Development	-	-	N/A	-	100.00%	-	Consolidated
CHW Las Haciendas Development, LLC	Development	-	-	N/A	-	100.00%	-	Consolidated
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.000%	99.00%	-	Consolidated
Community Road Housing Associates, L.P.	Solara	56	Poway	N/A	0.010%	-	-	Equity
Community Housing Solutions	PineView Apartments (Sold 7/1/19)	-	Fallbrook	N/A	100.00%	-	-	Consolidated (Sold 7/1/2019)
Concord Sun Ridge, LLC	N/A	-	-	N/A	-	100.00%	-	Consolidated
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.010%	-	-	Equity
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	-	99.00%	1.000%	Consolidated
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.010%	-	-	Equity
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carsbad	N/A	0.005%	99.99%	-	Consolidated (1/1/19)
East Mountain Housing Associates, L.P.	The Groves Apartments	44	Pasadena	Northwest Manor LLC	0.010%	-	-	Equity
El Norte Housing Associates, L.P.	Avocado Court Apartments	36	Escondido	El Norte Housing Opportunities LLC	0.010%	-	-	Equity
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	Encinitas	N/A	-	1.000%	99.00%	Consolidated
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	Escondido	N/A	0.010%	99.99%	-	Consolidated
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	Fallbrook	N/A	0.010%	-	-	Equity
Florida Street Housing Associates, L.P.	Kalos Apartments	83	San Diego	Another Nurturing Neighborhood LLC	0.010%	-	-	Equity
Foothill Oak Housing Associates, L.P.	Los Robles Apartments	76	Vista	Foothill Oak Housing Opportunities LLC	0.010%	-	-	Equity
Fruit Avenue Housing Associates, L.P.	Parks at Fig Garden	366	Fresno	Ashlan Ave Housing, LLC	0.010%	-	-	Equity
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	Poway	N/A	1.000%	99.00%	-	Consolidated
Kalmia Street Housing Associates, L.P.	Sold December 19, 2019	-	-	N/A	99.00%	1.000%	-	Consolidated
Keeler Court Housing Associates, L.P.	Development	-	-	Las Conchas Housing Opportunities LLC	0.010%	-	-	Deconsolidated (12/18/2019)
Kimball Tower Housing Associates, L.P.	Kimball Tower	151	National City	CHW Kimball Development, LLC	0.005%	-	-	Deconsolidated (3/28/2019)
Lindo Housing Associates, L.P.	Maplewood Apartments	79	Lakeside	Lakeside Family Housing LLC	0.010%	-	-	Equity
Linda Vista Housing Associates, L.P.	Development	-	-	CHW Linda Vista LLC	0.100%	99.90%	-	Consolidated
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors	138	Oceanside	Carolyn Compass Rose, LLC	0.010%	-	-	Equity
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.010%	99.99%	-	Consolidated
Monument Boulevard Housing Associates, L.P.	Sun Ridge Apartments	198	Concord	Concord Victory Lane, LLC	0.010%	-	-	Equity
Morgan Tower Housing Associates, L.P.	Morgan Tower	152	National City	CHW Morgan Development, LLC	0.005%	-	-	Deconsolidated (3/28/2019)
Morningside Housing Associates, L.P.	Development	-	-	West Alliance, LLC	99.00%	1.000%	-	Consolidated
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.010%	-	-	Equity
Nettleton Road Housing Associates	Sold December 14, 2016	-	-	N/A	1.000%	99.00%	-	Consolidated
North Santa Fe Housing Associates, L.P.	North Santa Fe Apartments	68	Vista	Buena Vista Alliance LLC	0.010%	-	-	Equity
Oak Knoll Housing Associates, L.P.	Oak Knoll Villas	52	Poway	Fallbrook Renaissance LLC	0.010%	-	-	Equity
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.000%	99.00%	-	Consolidated
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LL	0.005%	-	-	Equity
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co., I	0.005%	-	-	Equity
Parks at Fig, LLC	Sold December 16, 2016	-	-	N/A	100.00%	-	-	Consolidated
Poway Villas Housing Associates, L.P.	Poway Villas	60	Poway	CHW Civic Center LLC	0.010%	-	-	Equity
Royal Oaks Housing Associates, L.P.	Development	-	-	CHW Royal Oaks LLC	0.100%	99.90%	-	Consolidated
Solutions Family Center, L.P.	Solutions	33	Vista	N/A	1.000%	-	-	Equity
South Santa Fe Housing Associates, L.P.	Development	-	-	Paseo Artist Village LLC	1.00%	99.00%	-	Consolidated
Texas Street Senior Housing, L.P.	North Park Seniors	76	San Diego	Howard Avenue Senior Housing LLC	0.010%	-	-	Equity
The Bowron Road Group Limited Partnership	Parkview Terrace	92	Poway	N/A	0.002%	99.98%	-	Consolidated
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	Oceanside	N/A	1.000%	99.00%	-	Consolidated
Tripp Avenue Housing Associates, L.P.	Parkside Terrace Apartments	201	San Jose	CHW Parkside Terrace LLC	0.010%	-	-	Equity
Turnagain Renaissance Housing Associates, L.P.	Turnagain Arms	80	Fallbrook	Fallbrook Renaissance LLC	0.010%	-	-	Equity
Ulric Street Housing Associates, L.P.	Development	-	-	Ulric Street Housing Opportunities LLC	99.00%	1.000%	-	Consolidated
Windsor Gardens Housing Associates, L.P.	Windsor Gardens Apartments	132	Escondido	CHW Windsor Gardens LLC	0.010%	99.99%	-	Consolidated
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	N/A	0.010%	99.99%	-	Consolidated
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.010%	-	-	Equity
Wooster Ave, LLC	Sold to Tripp (December 2019)	-	San Jose	N/A	0.000%	100.00%	-	Consolidated
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	-	-	-	Operated by CHW
	Las Casitas Apartments	14	San Diego	N/A	100.00%	-	-	CHW
		<u>3,670</u>						

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES
DECEMBER 31, 2018

Partnership Name	Property Name	Units	Location	CHW Equity Owned Through LLC	CHW Equity	Esperanza	Escondido	Accounting Method
Alabama Manor Housing Associates, L.P.	Alabama Manor Apartments	67	San Diego	N/A	0.010%	-	-	Equity
Arden Way Housing Associates, L.P.	Development	-	-	Boxwood Street Housing LLC	99.00%	1.000%	-	Consolidated
Breihan Housing Associates, L.P.	Hillside Village	71	Poway	N/A	0.010%	99.99%	-	Consolidated
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.010%	-	-	Equity
Cedar Road Housing Associates	Sold December 14, 2016	-	-	N/A	1.000%	99.00%	-	Consolidated
CHW Arden Way Development LLC	Development	-	-	N/A	-	100.00%	-	Consolidated
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.000%	99.00%	-	Consolidated
Community Road Housing Associates, L.P.	Solara	56	Poway	N/A	0.010%	-	-	Equity
Community Housing Solutions	PineView Apartments	101	Fallbrook	N/A	100.00%	-	-	Consolidated
Concord Sun Ridge, LLC	N/A	-	-	N/A	-	100.00%	-	Consolidated
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.010%	-	-	Equity
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	-	99.00%	1.000%	Consolidated
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.010%	-	-	Equity
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carslbad	N/A	0.005%	-	-	Equity
East Mountain Housing Associates, L.P.	The Groves Apartments	44	Pasadena	Northwest Manor LLC	0.010%	-	-	Equity
El Norte Housing Associates, L.P.	Avocado Court Apartments	36	Escondido	El Norte Housing Opportunities LLC	0.010%	-	-	Equity
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	Encinitas	N/A	-	1.000%	99.00%	Consolidated
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	Escondido	N/A	0.010%	99.99%	-	Consolidated
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	Fallbrook	N/A	0.010%	-	-	Equity
Florida Street Housing Associates, L.P.	Kalos Apartments	83	San Diego	Another Nurturing Neighborhood LLC	0.010%	-	-	Equity
Foothill Oak Housing Associates, L.P.	Los Robles Apartments	76	Vista	Foothill Oak Housing Opportunities LLC	0.010%	-	-	Equity
Fruit Avenue Housing Associates, L.P.	Parks at Fig Garden	366	Fresno	Ashlan Ave Housing, LLC	0.010%	-	-	Equity
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	Poway	N/A	1.000%	99.00%	-	Consolidated
Kalmia Street Housing Associates, L.P.	Development	-	-	N/A	1.000%	99.00%	-	Consolidated
Keeler Court Housing Associates, L.P.	Development	-	-	Las Conchas Housing Opportunities LLC	99.00%	1.000%	-	Consolidated
Kimball Tower Housing Associates, L.P.	Development	-	-	CHW Kimball Development, LLC	0.050%	99.00%	-	Consolidated
Lindo Housing Associates, L.P.	Maplewood Apartments	79	Lakeside	Lakeside Family Housing LLC	0.010%	-	-	Equity
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors	138	Oceanside	Carolyn Compass Rose, LLC	0.010%	-	-	Equity
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.010%	99.99%	-	Consolidated
Monument Boulevard Housing Associates, L.P.	Sun Ridge Apartments	198	Concord	Concord Victory Lane, LLC	0.010%	-	-	Equity
Morgan Tower Housing Associates, L.P.	Development	-	-	CHW Morgan Development, LLC	0.050%	99.00%	-	Consolidated
Morningside Housing Associates, L.P.	Development	-	-	West Alliance, LLC	99.00%	1.000%	-	Consolidated
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.010%	-	-	Equity
Nettleton Road Housing Associates	Sold December 14, 2016	-	-	N/A	1.000%	99.00%	-	Consolidated
North Santa Fe Housing Associates, L.P.	North Santa Fe Apartments	68	Vista	Buena Vista Alliance LLC	0.010%	-	-	Equity
Oak Knoll Housing Associates, L.P.	Oak Knoll Villas	52	Poway	Fallbrook Renaissance LLC	0.010%	-	-	Equity
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.000%	99.00%	-	Consolidated
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LL	0.005%	-	-	Equity
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co., l	0.005%	-	-	Equity
Parks at Fig, LLC	Sold December 16, 2016	-	-	N/A	100.00%	-	-	Consolidated
Poway Villas Housing Associates, L.P.	Poway Villas	60	Poway	CHW Civic Center LLC	0.010%	-	-	Equity
Solutions Family Center, L.P.	Solutions	33	Vista	N/A	1.000%	-	-	Equity
South Santa Fe Housing Associates, L.P.	Development	-	-	Paseo Artist Village LLC	1.00%	99.00%	-	Consolidated
Texas Street Senior Housing, L.P.	North Park Seniors	76	San Diego	Howard Avenue Senior Housing LLC	0.010%	-	-	Equity
The Bowron Road Group Limited Partnership	Parkview Terrace	92	Poway	N/A	0.002%	99.98%	-	Consolidated
Thremont Street Apartments Limited Partnership	Marisol Apartments	22	Oceanside	N/A	1.000%	99.00%	-	Consolidated
Turnagain Renaissance Housing Associates, L.P.	Turnagain Arms	80	Fallbrook	Fallbrook Renaissance LLC	0.010%	-	-	Equity
Ulric Street Housing Associates, L.P.	Development	-	-	Ulric Street Housing Opportunities LLC	99.00%	1.000%	-	Consolidated
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	N/A	0.010%	99.99%	-	Consolidated
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.010%	-	-	Equity
Wooster Ave, LLC	Parkside Terrace Apartments	201	San Jose	N/A	0.000%	100.00%	-	Consolidated
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	-	-	-	Operated by CHW
	Las Casitas Apartments	14	San Diego	N/A	100.00%	-	-	CHW
		<u>3,336</u>						

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
<u>Current Assets:</u>							
Cash and cash equivalents	\$ 15,592,051	\$ 53,700	\$ 5,134,818	\$ 90,715	\$ -	\$ -	\$ 20,871,284
Investments	8,801,430	-	-	-	-	-	8,801,430
Security deposits	6,500	-	583,210	11,112	-	-	600,822
Grants and contracts receivable	68,443	-	-	-	-	-	68,443
Contributions receivable, net	750	-	-	-	-	-	750
Accounts receivable - related parties	6,576,381	-	-	-	-	-	6,576,381
Accounts receivable - other, net	134,579	-	35,818	-	-	-	170,397
Intercompany accounts receivable	9,355,624	-	73,617	-	-	(9,429,241)	-
Prepaid expenses	76,554	-	166,991	1,622	-	-	245,167
Property held for sale	-	1,732,489	-	-	-	-	1,732,489
Total Current Assets	<u>40,612,312</u>	<u>1,786,189</u>	<u>5,994,454</u>	<u>103,449</u>	<u>-</u>	<u>(9,429,241)</u>	<u>39,067,163</u>
<u>Noncurrent Assets:</u>							
Restricted reserves	-	-	6,091,882	420,782	-	-	6,512,664
Loans receivable, net	468,040	-	-	-	-	-	468,040
Intercompany notes receivable	1,046,976	-	-	-	-	(1,046,976)	-
Notes receivable - related parties, net	17,482,952	8,251,620	40,120,396	-	-	-	65,854,968
Interest receivable	774,402	580,394	446,268	-	-	-	1,801,064
Property and equipment, net	1,251,206	2,372,167	73,873,598	505,226	-	-	78,002,197
Investments in limited partnerships	21,505,527	1,186,746	201,857	(2,090)	-	(11,245,001)	11,647,039
Deposits	65,749	-	186,538	1,000	-	-	253,287
Other assets, net	-	-	44,073	-	-	-	44,073
Total Noncurrent Assets	<u>42,594,852</u>	<u>12,390,927</u>	<u>120,964,612</u>	<u>924,918</u>	<u>-</u>	<u>(12,291,977)</u>	<u>164,583,332</u>
TOTAL ASSETS	<u>\$ 83,207,164</u>	<u>\$ 14,177,116</u>	<u>\$ 126,959,066</u>	<u>\$ 1,028,367</u>	<u>\$ -</u>	<u>\$ (21,721,218)</u>	<u>\$ 203,650,495</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
<u>Current Liabilities:</u>							
Accounts payable and accrued expenses	\$ 1,377,737	\$ 219,947	\$ 851,014	\$ 1,259	\$ -	\$ -	\$ 2,449,957
Security deposits	6,500	-	561,960	11,112	-	-	579,572
Intercompany payables	56,307	3,884,784	5,459,403	28,747	-	(9,429,241)	-
Deferred revenue	48,953	-	84,565	2,183	-	-	135,701
Line-of-credit payable	2,000,000	-	-	-	-	-	2,000,000
Current portion of noncurrent liabilities	1,400,000	-	486,050	-	-	-	1,886,050
Total Current Liabilities	<u>4,889,497</u>	<u>4,104,731</u>	<u>7,442,992</u>	<u>43,301</u>	<u>-</u>	<u>(9,429,241)</u>	<u>7,051,280</u>
<u>Noncurrent Liabilities:</u>							
Deferred revenue	200,255	-	-	-	-	-	200,255
Deferred lease liability	254,064	-	-	-	-	-	254,064
Intercompany notes payable	-	-	1,046,976	-	-	(1,046,976)	-
Notes payable - amortized debt, net	5,650,000	-	27,194,075	-	-	-	32,844,075
Notes payable - residual receipts debt, net	1,997,855	-	35,294,014	996,733	-	-	38,288,602
Interest payable - residual receipts debt	190,207	-	10,222,095	532,373	-	-	10,944,675
Less: Current portion	(1,400,000)	-	(486,050)	-	-	-	(1,886,050)
Total Noncurrent Liabilities	<u>6,892,381</u>	<u>-</u>	<u>73,271,110</u>	<u>1,529,106</u>	<u>-</u>	<u>(1,046,976)</u>	<u>80,645,621</u>
Total Liabilities	<u>11,781,878</u>	<u>4,104,731</u>	<u>80,714,102</u>	<u>1,572,407</u>	<u>-</u>	<u>(10,476,217)</u>	<u>87,696,901</u>
<u>Obligation Under Interest Rate Swap</u>	<u>-</u>	<u>-</u>	<u>948,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948,438</u>
<u>Net Assets:</u>							
Without donor restrictions	70,004,509	10,072,385	45,296,526	(544,040)	-	(11,245,001)	113,584,379
With donor restrictions:							
Time and purpose restrictions	647,937	-	-	-	-	-	647,937
Perpetual in nature	772,840	-	-	-	-	-	772,840
Total Net Assets	<u>71,425,286</u>	<u>10,072,385</u>	<u>45,296,526</u>	<u>(544,040)</u>	<u>-</u>	<u>(11,245,001)</u>	<u>115,005,156</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 83,207,164</u>	<u>\$ 14,177,116</u>	<u>\$ 126,959,066</u>	<u>\$ 1,028,367</u>	<u>\$ -</u>	<u>\$ (21,721,218)</u>	<u>\$ 203,650,495</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
<u>Current Assets:</u>							
Cash and cash equivalents	\$ 16,024,875	\$ 21,323	\$ 1,494,842	\$ 77,314	\$ 198,512	\$ -	\$ 17,816,866
Security deposits	7,000	-	458,122	11,112	60,841	-	537,075
Grants and contracts receivable	52,978	-	-	-	-	-	52,978
Contributions receivable, net	87,555	-	-	-	-	-	87,555
Accounts receivable - related parties	6,241,063	-	-	-	-	-	6,241,063
Accounts receivable - other, net	293,030	-	17,187	1	6,316	-	316,534
Intercompany accounts receivable	7,414,711	-	-	-	13,183	(7,427,894)	-
Prepaid expenses	83,455	900	370,161	1,217	13,668	-	469,401
Property held for sale	-	1,596,897	-	-	-	-	1,596,897
Total Current Assets	<u>30,204,667</u>	<u>1,619,120</u>	<u>2,340,312</u>	<u>89,644</u>	<u>292,520</u>	<u>(7,427,894)</u>	<u>27,118,369</u>
<u>Noncurrent Assets:</u>							
Contributions receivable, net	735	-	-	-	-	-	735
Restricted reserves	-	-	5,364,007	404,091	190,474	-	5,958,572
Loans receivable, net	589,710	-	-	-	-	-	589,710
Intercompany notes receivable	2,141,372	-	-	-	-	(2,141,372)	-
Notes receivable - related parties, net	17,765,846	8,251,620	13,162,237	-	-	-	39,179,703
Interest receivable	769,125	385,202	606,953	-	-	-	1,761,280
Property and equipment, net	1,043,190	3,421,076	76,718,637	543,097	5,805,218	-	87,531,218
Investments in limited partnerships	21,126,653	1,208,363	192,251	(1,386)	-	(11,230,828)	11,295,053
Deposits	99,650	-	66,607	1,000	12,182	-	179,439
Other assets, net	-	-	34,727	-	-	-	34,727
Total Noncurrent Assets	<u>43,536,281</u>	<u>13,266,261</u>	<u>96,145,419</u>	<u>946,802</u>	<u>6,007,874</u>	<u>(13,372,200)</u>	<u>146,530,437</u>
TOTAL ASSETS	<u>\$ 73,740,948</u>	<u>\$ 14,885,381</u>	<u>\$ 98,485,731</u>	<u>\$ 1,036,446</u>	<u>\$ 6,300,394</u>	<u>\$ (20,800,094)</u>	<u>\$ 173,648,806</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2018

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
<u>Current Liabilities:</u>							
Accounts payable and accrued expenses	\$ 1,480,195	\$ 83,058	\$ 907,706	\$ 3,655	\$ 39,921	\$ -	\$ 2,514,535
Security deposits	7,000	-	460,725	11,112	60,841	-	539,678
Intercompany payables	-	3,362,461	3,881,558	28,422	155,453	(7,427,894)	-
Deferred revenue	46,953	-	54,923	2,863	2,012	-	106,751
Current portion of noncurrent liabilities	30,468	822,500	31,267,830	-	7,076,817	-	39,197,615
Total Current Liabilities	<u>1,564,616</u>	<u>4,268,019</u>	<u>36,572,742</u>	<u>46,052</u>	<u>7,335,044</u>	<u>(7,427,894)</u>	<u>42,358,579</u>
<u>Noncurrent Liabilities:</u>							
Deferred revenue	247,208	-	-	-	-	-	247,208
Intercompany notes payable	-	-	996,131	-	1,145,241	(2,141,372)	-
Notes payable - amortized debt, net	5,180,468	1,572,500	50,895,151	-	-	-	57,648,119
Bonds payable, net	-	-	-	-	7,076,817	-	7,076,817
Notes payable - residual receipts debt, net	1,322,355	-	19,757,693	996,463	4,044,807	-	26,121,318
Interest payable - residual receipts debt	181,076	-	9,616,672	512,373	2,268,169	-	12,578,290
Less: Current portion	(30,468)	(822,500)	(31,267,830)	-	(7,076,817)	-	(39,197,615)
Total Noncurrent Liabilities	<u>6,900,639</u>	<u>750,000</u>	<u>49,997,817</u>	<u>1,508,836</u>	<u>7,458,217</u>	<u>(2,141,372)</u>	<u>64,474,137</u>
Total Liabilities	<u>8,465,255</u>	<u>5,018,019</u>	<u>86,570,559</u>	<u>1,554,888</u>	<u>14,793,261</u>	<u>(9,569,266)</u>	<u>106,832,716</u>
<u>Net Assets:</u>							
Without donor restrictions	63,624,516	9,867,362	11,915,172	(518,442)	(8,492,867)	(11,230,828)	65,164,913
With donor restrictions:							
Time and purpose restrictions	547,120	-	-	-	-	-	547,120
Perpetual in nature	1,104,057	-	-	-	-	-	1,104,057
Total Net Assets	<u>65,275,693</u>	<u>9,867,362</u>	<u>11,915,172</u>	<u>(518,442)</u>	<u>(8,492,867)</u>	<u>(11,230,828)</u>	<u>66,816,090</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 73,740,948</u>	<u>\$ 14,885,381</u>	<u>\$ 98,485,731</u>	<u>\$ 1,036,446</u>	<u>\$ 6,300,394</u>	<u>\$ (20,800,094)</u>	<u>\$ 173,648,806</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
Net Assets Without Donor Restrictions:							
<u>Support and Revenues:</u>							
Contributions	\$ 3,401,358	\$ -	\$ -	\$ -	\$ -	\$ (2,921,823)	\$ 479,535
Developer fees	6,380,154	-	-	-	-	-	6,380,154
Grants and contracts	880,406	-	-	-	10,515	-	890,921
Loan interest and investment income	1,410,586	195,192	516,748	11,403	2,795	(13,008)	2,123,716
Management fees	1,350,338	31,833	-	-	-	(414,771)	967,400
Other income	60,728	-	421,765	2,767	27,604	-	512,864
Program income	1,588,400	-	-	-	-	(507,610)	1,080,790
Rental income	-	-	12,027,422	147,264	575,780	-	12,750,466
Net assets released from restrictions	840,176	-	-	-	-	-	840,176
Total Support and Revenues	<u>15,912,146</u>	<u>227,025</u>	<u>12,965,935</u>	<u>161,434</u>	<u>616,694</u>	<u>(3,857,212)</u>	<u>26,026,022</u>
<u>Expenses:</u>							
Program Services:							
Asset management	1,250,894	-	-	-	-	-	1,250,894
Community programs	2,971,903	-	-	-	-	-	2,971,903
Real estate development	3,375,973	-	-	-	-	-	3,375,973
Rental real estate	-	3,888	17,394,223	186,144	1,943,809	(3,857,212)	15,670,852
Special needs housing programs	349,419	-	-	-	-	-	349,419
Total Program Services	<u>7,948,189</u>	<u>3,888</u>	<u>17,394,223</u>	<u>186,144</u>	<u>1,943,809</u>	<u>(3,857,212)</u>	<u>23,619,041</u>
Supporting Services:							
Management and general	1,252,392	-	2,500	-	-	-	1,254,892
Fundraising	559,149	-	-	-	-	-	559,149
Total Supporting Services	<u>1,811,541</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,814,041</u>
Total Expenses	<u>9,759,730</u>	<u>3,888</u>	<u>17,396,723</u>	<u>186,144</u>	<u>1,943,809</u>	<u>(3,857,212)</u>	<u>25,433,082</u>
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	<u>6,152,416</u>	<u>223,137</u>	<u>(4,430,788)</u>	<u>(24,710)</u>	<u>(1,327,115)</u>	<u>-</u>	<u>592,940</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
<u>Other Revenue and (Expenses):</u>							
Gain on sale of property and equipment	\$ -	\$ 3,603	\$ 34,220,947	\$ -	\$ 9,819,982	\$ -	\$ 44,044,532
Loan forgiveness and recovery	127,769	-	-	-	-	-	127,769
Obligation under interest rate swap change	-	-	89,700	-	-	-	89,700
Partnership income (loss)	99,808	(21,857)	(210)	(704)	-	(15,409)	61,628
Total Other Revenue and (Expenses)	<u>227,577</u>	<u>(18,254)</u>	<u>34,310,437</u>	<u>(704)</u>	<u>9,819,982</u>	<u>(15,409)</u>	<u>44,323,629</u>
Change in Net Assets Without Donor Restrictions	<u>6,379,993</u>	<u>204,883</u>	<u>29,879,649</u>	<u>(25,414)</u>	<u>8,492,867</u>	<u>(15,409)</u>	<u>44,916,569</u>
<u>Net Assets With Donor Restrictions:</u>							
Contributions	459,015	-	-	-	-	-	459,015
Grants and contracts	150,000	-	-	-	-	-	150,000
Interest income	761	-	-	-	-	-	761
Net assets released from restrictions	<u>(840,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(840,176)</u>
Change in Net Assets With Donor Restrictions	<u>(230,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,400)</u>
Change in Net Assets	6,149,593	204,883	29,879,649	(25,414)	8,492,867	(15,409)	44,686,169
Net Assets at Beginning of Year	65,275,693	9,867,362	11,915,172	(518,442)	(8,492,867)	(11,230,828)	66,816,090
Acquisition of Partnership Interest	-	-	3,502,897	-	-	-	3,502,897
Contributions/(Distributions), net	<u>-</u>	<u>140</u>	<u>(1,192)</u>	<u>(184)</u>	<u>-</u>	<u>1,236</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 71,425,286</u>	<u>\$ 10,072,385</u>	<u>\$ 45,296,526</u>	<u>\$ (544,040)</u>	<u>\$ -</u>	<u>\$ (11,245,001)</u>	<u>\$ 115,005,156</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
<u>Net Assets Without Donor Restrictions:</u>							
<u>Support and Revenues:</u>							
Contributions	\$ 975,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 975,822
Developer fees	6,473,400	-	-	-	-	-	6,473,400
Grants and contracts	961,834	-	-	-	33,552	-	995,386
Loan interest and investment income	834,048	190,878	419,417	2,564	441	(22,101)	1,425,247
Management fees	1,044,101	-	-	-	-	(324,650)	719,451
Other income	44,107	624	131,982	3,809	68,657	-	249,179
Program income	1,501,121	-	1,836	-	-	(350,948)	1,152,009
Rental income	-	-	8,573,152	137,322	1,192,185	-	9,902,659
Net assets released from restrictions	742,433	-	-	-	-	-	742,433
Total Support and Revenues	<u>12,576,866</u>	<u>191,502</u>	<u>9,126,387</u>	<u>143,695</u>	<u>1,294,835</u>	<u>(697,699)</u>	<u>22,635,586</u>
<u>Expenses:</u>							
<u>Program Services:</u>							
Asset management	1,080,068	-	-	-	-	-	1,080,068
Community programs	2,394,479	-	-	-	-	-	2,394,479
Real estate development	2,836,814	-	-	-	-	-	2,836,814
Rental real estate	-	1,193	11,803,031	213,303	1,333,368	(697,699)	12,653,196
Special needs housing programs	352,806	-	-	-	-	-	352,806
Total Program Services	<u>6,664,167</u>	<u>1,193</u>	<u>11,803,031</u>	<u>213,303</u>	<u>1,333,368</u>	<u>(697,699)</u>	<u>19,317,363</u>
<u>Supporting Services:</u>							
Management and general	1,223,260	-	-	-	-	-	1,223,260
Fundraising	441,405	-	-	-	-	-	441,405
Total Supporting Services	<u>1,664,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664,665</u>
Total Expenses	<u>8,328,832</u>	<u>1,193</u>	<u>11,803,031</u>	<u>213,303</u>	<u>1,333,368</u>	<u>(697,699)</u>	<u>20,982,028</u>
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	<u>4,248,034</u>	<u>190,309</u>	<u>(2,676,644)</u>	<u>(69,608)</u>	<u>(38,533)</u>	<u>-</u>	<u>1,653,558</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions	Eliminations	Consolidated
<u>Other Revenue and (Expenses):</u>							
Contribution of equipment	\$ -	\$ -	\$ 2,910,000	\$ -	\$ -	\$ -	\$ 2,910,000
Grant for capital contribution	4,550,000	-	-	-	-	-	4,550,000
Loan forgiveness and recovery	262,331	-	-	-	-	-	262,331
Partnership loss	(233,272)	(930)	(696)	(490)	-	(205,301)	(440,689)
Total Other Revenue and (Expenses)	<u>4,579,059</u>	<u>(930)</u>	<u>2,909,304</u>	<u>(490)</u>	<u>-</u>	<u>(205,301)</u>	<u>7,281,642</u>
Change in Net Assets Without Donor Restrictions	<u>8,827,093</u>	<u>189,379</u>	<u>232,660</u>	<u>(70,098)</u>	<u>(38,533)</u>	<u>(205,301)</u>	<u>8,935,200</u>
<u>Net Assets With Donor Restrictions:</u>							
Contributions	12,495	-	-	-	-	-	12,495
Grants and contracts	420,000	-	-	-	-	-	420,000
Interest income	1,543	-	-	-	-	-	1,543
Net assets released from restrictions	<u>(742,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(742,433)</u>
Change in Net Assets With Donor Restrictions	<u>(308,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,395)</u>
Change in Net Assets	8,518,698	189,379	232,660	(70,098)	(38,533)	(205,301)	8,626,805
Net Assets at Beginning of Year	56,756,995	9,777,883	12,163,938	(448,344)	(8,454,334)	(11,074,044)	58,722,094
Acquisition of Partnership Interest	-	-	(481,426)	-	-	(51,383)	(532,809)
Contributions/(Distributions), net	<u>-</u>	<u>(99,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,900</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 65,275,693</u>	<u>\$ 9,867,362</u>	<u>\$ 11,915,172</u>	<u>\$ (518,442)</u>	<u>\$ (8,492,867)</u>	<u>\$ (11,230,828)</u>	<u>\$ 66,816,090</u>

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services				Supporting Services		
	Community Programs	Special Needs Housing Programs	Real Estate Development	Asset Management	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,667,141	\$ 27,800	\$ 2,278,488	\$ 760,462	\$ 666,620	\$ 290,460	\$ 5,690,971
Payroll taxes	127,867	2,351	166,974	61,927	45,781	25,295	430,195
Health insurance and other benefits	243,748	4,531	233,057	96,085	84,205	37,219	698,845
Temporary/contract personnel	30,333	3,941	41,487	22,758	77,959	29,132	205,610
Total Personnel Expenses	<u>2,069,089</u>	<u>38,623</u>	<u>2,720,006</u>	<u>941,232</u>	<u>874,565</u>	<u>382,106</u>	<u>7,025,621</u>
<u>Occupancy:</u>							
Office rent	133,912	21,917	268,204	92,149	86,396	29,538	632,116
Telephone/Internet	14,133	2,119	26,560	8,890	8,870	5,376	65,948
Total Occupancy	<u>148,045</u>	<u>24,036</u>	<u>294,764</u>	<u>101,039</u>	<u>95,266</u>	<u>34,914</u>	<u>698,064</u>
<u>Insurance</u>	<u>(4,980)</u>	<u>(878)</u>	<u>(14,898)</u>	<u>(10,756)</u>	<u>(49,616)</u>	<u>(10,672)</u>	<u>(91,800)</u>
<u>Supplies and Other Administrative Costs</u>	<u>177,819</u>	<u>12,210</u>	<u>216,327</u>	<u>70,732</u>	<u>131,674</u>	<u>61,245</u>	<u>670,007</u>
<u>Travel</u>	<u>69,717</u>	<u>555</u>	<u>20,085</u>	<u>18,872</u>	<u>6,852</u>	<u>4,298</u>	<u>120,379</u>
<u>Professional Fees:</u>							
Other professional services	172,852	40,227	47,625	92,758	77,212	37,102	467,776
Accounting (Audit)	11,560	1,485	11,592	3,975	3,838	2,359	34,809
Total Professional Fees	<u>184,412</u>	<u>41,712</u>	<u>59,217</u>	<u>96,733</u>	<u>81,050</u>	<u>39,461</u>	<u>502,585</u>
<u>Program/Project Expenses:</u>							
Program/Project related expenses	285,884	91,489	3,675	2,016	5,236	20,944	409,244
Property operation cost	-	112,170	-	-	-	-	112,170
Total Program/Project Expenses	<u>285,884</u>	<u>203,659</u>	<u>3,675</u>	<u>2,016</u>	<u>5,236</u>	<u>20,944</u>	<u>521,414</u>
<u>Other Expenses:</u>							
Interest	22,730	12,084	31,087	17,053	59,059	14,765	156,778
Depreciation	13,445	16,738	18,388	10,087	34,934	8,733	102,325
Contributions to others	5,742	680	8,477	3,886	13,372	3,355	35,512
Property loss	-	-	18,845	-	-	-	18,845
Total Other Expenses	<u>41,917</u>	<u>29,502</u>	<u>76,797</u>	<u>31,026</u>	<u>107,365</u>	<u>26,853</u>	<u>313,460</u>
TOTAL EXPENSES	<u>\$ 2,971,903</u>	<u>\$ 349,419</u>	<u>\$ 3,375,973</u>	<u>\$ 1,250,894</u>	<u>\$ 1,252,392</u>	<u>\$ 559,149</u>	<u>\$ 9,759,730</u>

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services				Supporting Services		
	Community Programs	Special Needs Housing Programs	Real Estate Development	Asset Management	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 1,324,821	\$ 38,945	\$ 1,890,683	\$ 574,704	\$ 594,678	\$ 160,249	\$ 4,584,080
Payroll taxes	123,003	3,442	150,794	50,052	48,919	14,582	390,792
Health insurance and other benefits	177,826	3,750	197,983	68,942	73,789	21,966	544,256
Temporary/contract personnel	12,082	191	1,084	690	4,522	8,259	26,828
Total Personnel Expenses	<u>1,637,732</u>	<u>46,328</u>	<u>2,240,544</u>	<u>694,388</u>	<u>721,908</u>	<u>205,056</u>	<u>5,545,956</u>
<u>Occupancy:</u>							
Office rent	107,158	14,358	178,028	69,101	127,821	54,710	551,176
Telephone/Internet	13,860	1,661	18,719	6,524	8,277	4,776	53,817
Leasehold improvements	99	13	183	67	83	49	494
Total Occupancy	<u>121,117</u>	<u>16,032</u>	<u>196,930</u>	<u>75,692</u>	<u>136,181</u>	<u>59,535</u>	<u>605,487</u>
<u>Insurance</u>	<u>6,000</u>	<u>1,144</u>	<u>6,553</u>	<u>998</u>	<u>(17,011)</u>	<u>(1,321)</u>	<u>(3,637)</u>
<u>Supplies and Other Administrative Costs</u>	<u>169,843</u>	<u>13,084</u>	<u>207,706</u>	<u>56,763</u>	<u>119,446</u>	<u>63,638</u>	<u>630,480</u>
<u>Travel</u>	<u>44,760</u>	<u>642</u>	<u>19,398</u>	<u>29,455</u>	<u>7,139</u>	<u>3,061</u>	<u>104,455</u>
<u>Professional Fees:</u>							
Other professional services	145,690	32,346	92,260	195,676	115,926	54,564	636,462
Equipment/computer services	753	102	682	251	310	183	2,281
Accounting (Audit)	9,919	1,342	10,930	3,348	4,903	2,518	32,960
Total Professional Fees	<u>156,362</u>	<u>33,790</u>	<u>103,872</u>	<u>199,275</u>	<u>121,139</u>	<u>57,265</u>	<u>671,703</u>
<u>Program/Project Expenses:</u>							
Program/Project related expenses	214,311	121,742	1,544	2,557	5,977	28,382	374,513
Property operation cost	-	83,617	-	-	-	-	83,617
Total Program/Project Expenses	<u>214,311</u>	<u>205,359</u>	<u>1,544</u>	<u>2,557</u>	<u>5,977</u>	<u>28,382</u>	<u>458,130</u>
<u>Other Expenses:</u>							
Interest	22,787	12,135	17,066	10,864	67,153	13,431	143,436
Depreciation	11,025	22,934	8,257	5,256	32,490	6,498	86,460
Contributions to others	10,542	1,358	9,392	4,820	28,838	5,860	60,810
Property loss	-	-	25,552	-	-	-	25,552
Total Other Expenses	<u>44,354</u>	<u>36,427</u>	<u>60,267</u>	<u>20,940</u>	<u>128,481</u>	<u>25,789</u>	<u>316,258</u>
TOTAL EXPENSES	<u>\$ 2,394,479</u>	<u>\$ 352,806</u>	<u>\$ 2,836,814</u>	<u>\$ 1,080,068</u>	<u>\$ 1,223,260</u>	<u>\$ 441,405</u>	<u>\$ 8,328,832</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
PARTNERSHIP AND LIMITED LIABILITY COMPANIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	Parks at Fig Garden	Parks at Fig Garden
Administrative	\$ 2,688	\$ 365
Taxes and insurance	<u>1,200</u>	<u>828</u>
TOTAL EXPENSES	\$ <u>3,888</u>	\$ <u>1,193</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESPERANZA HOUSING AND COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Program Services - 2019																
	Bandar Salaam Apartments	Daybreak Grove Apartments	Esperanza Housing	Eucalyptus View	Haley Ranch Estates	Hillside Village Apartments	La Costa Paloma Apartments	Marisol Apartments	Old Grove Apartments	Orange Place Apartments	Parkside Terrace Apartments	Parkview Terrace	Sun Ridge Apartments	Ulric Apartments	Winsor Gardens	Total 2019
Administrative	\$ 132,157	\$ 38,893	\$ -	\$ 95,967	\$ 169,657	\$ 161,123	\$ 420,436	\$ 99,935	\$ 120,717	\$ 72,890	\$ 364,176	\$ 229,544	\$ 2,500	\$ 69,108	\$ 56,302	\$ 2,033,405
Amortization	-	-	-	-	1,000	-	-	-	-	-	-	553	-	-	-	1,553
Depreciation	215,348	64,951	415,714	118,727	236,131	381,023	691,762	31,649	249,303	152,688	861,682	276,560	-	-	119,333	3,814,871
Grant to Community HousingWorks	-	-	1,797,400	-	-	-	-	-	-	-	-	-	-	-	-	1,797,400
Marketing and leasing	287	-	-	24	630	762	4,328	354	-	269	4,347	763	-	50	2,179	13,993
Mortgage interest - amortized debt	60,071	3,774	-	-	-	88,203	678,811	-	41,259	18,192	1,671,209	97,460	-	574,832	-	3,233,811
Mortgage interest - residual receipts debt	64,388	40,514	-	21,560	-	117,912	-	20,193	122,407	34,905	982,719	203,941	-	-	90,272	1,698,811
Operating and maintenance	245,695	92,772	-	65,564	209,253	182,357	552,245	48,546	121,632	137,258	337,056	214,905	-	289,475	72,307	2,569,065
Partnership management fee	34,050	29,240	-	8,514	53,314	30,870	60,000	19,161	76,747	23,700	-	62,728	-	-	-	398,324
Taxes, insurance and other financial	52,409	13,976	160	26,613	83,109	68,791	171,141	15,474	60,208	31,351	104,369	75,920	3,236	126,649	7,407	840,813
Utilities	118,130	22,247	-	39,333	16,598	82,495	163,453	20,662	59,958	40,063	271,646	73,313	-	39,354	44,925	992,177
TOTAL EXPENSES	\$ 922,535	\$ 306,367	\$ 2,213,274	\$ 376,302	\$ 769,692	\$ 1,113,536	\$ 2,742,176	\$ 255,974	\$ 852,231	\$ 511,316	\$ 4,597,204	\$ 1,235,687	\$ 5,736	\$ 1,099,468	\$ 392,725	\$ 17,394,223

Program Services - 2018																
	Bandar Salaam Apartments	Daybreak Grove Apartments	Esperanza Housing	Eucalyptus View	Haley Ranch Estates	Hillside Village Apartments	La Costa Paloma Apartments	Marisol Apartments	Old Grove Apartments	Orange Place Apartments	Parkside Terrace Apartments	Parkview Terrace	Sun Ridge Apartments	Ulric Apartments	Windsor Gardens	Total 2018
Administrative	\$ 148,491	\$ 34,335	\$ -	\$ 93,663	\$ 199,714	\$ 178,839	\$ -	\$ 109,627	\$ 107,367	\$ 51,066	\$ 339,561	\$ 224,658	\$ 188	\$ 42,718	\$ -	\$ 1,530,227
Amortization	-	-	-	-	1,000	-	-	-	-	-	-	382	-	-	-	1,382
Depreciation	213,892	64,949	-	117,764	238,024	399,195	-	32,015	249,026	154,216	899,146	276,717	-	-	-	2,644,944
Marketing and leasing	1,663	-	-	108	1,619	1,265	-	576	-	333	1,720	559	-	210	-	8,053
Mortgage interest - amortized debt	62,646	4,321	-	-	-	91,338	-	-	47,285	19,893	1,710,775	102,213	-	350,396	-	2,388,867
Mortgage interest - residual receipts debt	63,000	40,515	-	21,560	-	117,912	-	20,212	122,250	34,906	856,310	203,940	-	-	-	1,480,605
Operating and maintenance	280,551	64,885	-	45,815	260,512	210,826	-	67,863	146,196	141,442	316,147	209,304	-	79,715	-	1,823,256
Partnership management fee	33,058	29,240	-	8,266	27,864	30,044	-	18,603	60,447	22,788	-	52,754	-	-	-	283,064
Taxes, insurance and other financial	49,401	15,727	-	24,646	75,839	78,379	-	15,053	63,124	28,407	246,074	72,031	1,420	120,380	-	790,481
Utilities	145,512	22,141	-	36,237	13,981	93,095	-	17,668	63,295	40,076	283,707	94,504	-	41,936	-	852,152
TOTAL EXPENSES	\$ 998,214	\$ 276,113	\$ -	\$ 348,059	\$ 818,553	\$ 1,200,893	\$ -	\$ 281,617	\$ 858,990	\$ 493,127	\$ 4,653,440	\$ 1,237,062	\$ 1,608	\$ 635,355	\$ -	\$ 11,803,031

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESCONDIDO FAMILY HOUSING CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
	Esperanza Garden Apartments	Esperanza Garden Apartments
Administrative	\$ 24,915	\$ 24,303
Depreciation	37,871	53,631
Mortgage interest - residual receipts debt	30,270	30,270
Operating and maintenance	44,483	55,049
Partnership management fee	28,747	28,422
Taxes and insurance	7,686	9,625
Utilities	12,172	12,003
TOTAL EXPENSES	\$ 186,144	\$ 213,303

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSING SOLUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
	Pine View Apartments	Pine View Apartments
Administrative	\$ 163,388	\$ 296,573
Depreciation	82,384	173,268
Interest on bonds payable - amortized debt	43,175	91,541
Interest on notes payable - residual receipts debt	148,846	200,841
Grant to Community HousingWorks	1,124,423	-
Letter of credit fees	25,288	50,913
Marketing and leasing	2,014	680
Miscellaneous financial expenses	24,665	22,622
Operating and maintenance	220,990	285,885
Taxes and insurance	43,827	75,734
Utilities	64,809	135,311
TOTAL EXPENSES	\$ <u>1,943,809</u>	\$ <u>1,333,368</u>

**COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grants/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Revenues Recognized	Passed Through to Subrecipient	Federal Expenditures	Total Federal Expenditures
U.S. Department of Housing and Urban Development:						
Direct Program:						
Continuum of Care Program	14.267	CA1025L9D011703 / CA1025L9D011804	\$ 56,611	\$ -	\$ 56,611	\$ 56,611
Total Direct Program			<u>56,611</u>	<u>-</u>	<u>56,611</u>	<u>56,611</u>
Pass-Through Programs From:						
Supportive Housing Program:	14.235	N/A				
County of San Diego Department of Community Development (Loan)			<u>98,000</u>	<u>-</u>	<u>98,000</u>	<u>98,000</u>
HOME Investment Partnerships Program:	14.239	N/A				
City of Escondido (Loan)			<u>182,355</u>	<u>-</u>	<u>182,355</u>	<u>182,355</u>
Section 4 Capacity Building for Community Development and Affordable Housing:	14.252					
Enterprise Community Partners		17SG0678	<u>10,331</u>	<u>-</u>	<u>10,331</u>	<u>10,331</u>
Continuum of Care Program:	14.267					
County of San Diego Department of Community Development		CA0709L9D011710 / CA0703L9D011811 /	<u>130,984</u>	<u>-</u>	<u>130,984</u>	<u>130,984</u>
Total Pass-Through Programs			<u>421,670</u>	<u>-</u>	<u>421,670</u>	<u>421,670</u>
Total U.S. Department of Housing and Urban Development			<u>478,281</u>	<u>-</u>	<u>478,281</u>	<u>478,281</u>
Neighborhood Reinvestment Corporation:						
Direct Programs:						
Capital Grant		N/A	772,840	-	772,840	772,840
Expendable Grant		N/A	884,480	-	734,480	734,480
Total Direct Programs			<u>1,657,320</u>	<u>-</u>	<u>1,507,320</u>	<u>1,507,320</u>
Total Neighborhood Reinvestment Corporation			<u>1,657,320</u>	<u>-</u>	<u>1,507,320</u>	<u>1,507,320</u>
Total Expenditures of Federal Awards			<u>\$ 2,135,601</u>	<u>\$ -</u>	<u>\$ 1,985,601</u>	<u>\$ 1,985,601</u>

COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community HousingWorks under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community HousingWorks, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community HousingWorks.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement

Community HousingWorks has elected not to use the 10-percent de minimus indirect cost rate as allowed under Uniform Guidance.

Note 3 - Loan Programs:

The following is the activity of the loans payable for the year ended December 31, 2019:

CFDA Number	Program Name	Loans Outstanding at December 31, 2018	Loans Awarded for the Year Ended December 31, 2019	Loan Principal Repaid for the Year Ended December 31, 2019	Loans Outstanding at December 31, 2019
14.235	Supportive Housing Program: County of San Diego Department of Community Development	\$ 98,000	\$ -	\$ 24,500	\$ 73,500
14.239	Home Investment Partnerships Program: City of Escondido	182,355	-	-	182,355
	Total Loans	<u>\$ 280,355</u>	<u>\$ -</u>	<u>\$ 24,500</u>	<u>\$ 255,855</u>



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Community HousingWorks

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community HousingWorks, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community HousingWorks' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community HousingWorks' internal control. Accordingly, we do not express an opinion on the effectiveness of Community HousingWorks' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community HousingWorks' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community HousingWorks' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community HousingWorks' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 20, 2020



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**Independent Auditor's Report on Compliance
for the Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Community HousingWorks

Report on Compliance for the Major Federal Program

We have audited Community HousingWorks' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Community HousingWorks' major federal program for the year ended December 31, 2019. Community HousingWorks' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Community HousingWorks' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community HousingWorks' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Community HousingWorks' compliance.

Opinion on the Major Federal Program

In our opinion, Community HousingWorks complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of Community HousingWorks is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community HousingWorks' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community HousingWorks' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 20, 2020

**COMMUNITY HOUSINGWORKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X No

Noncompliance material to consolidated financial statements noted?

_____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for the major program:

Unmodified

Internal control over major program:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of the major program:

CDFA Number

Name of Federal Program or Cluster

99.999

Neighborhood Reinvestment Corporation

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None

PROJECT PRO FORMA

SOURCES AND USES

Prepared For:	Commnity HousingWorks
Prepared By:	California Housing Partnership Corporation
Version:	Feasibility v1.2
Revised:	12/14/2020
Filename:	Bandar Feasibility v1.2.xlsm

TABLE OF CONTENTS

Sources of Funds.....	1	Cash Flow (Residential).....	11a
Uses of Funds.....	2	Cash Flow (Commercial)	11b
Developer Fee Calculation.....	3	Outstanding Debt & Reserves (Book).....	12a
Unit Mix & Rental Income.....	4	Outstanding Debt & Reserves (Tax).....	12b
Tax Credit Calculation.....	5	Net Cash Flow Fee Accruals.....	12c
Base Year Income & Expense.....	6	Schedule of Existing Debt.....	12d
Mortgage Calculation & Bond Ratios.....	7	Schedule of Deductions.....	13
Lease-up/Placed-in-Service Schedule.....	8	Analysis of Taxable Income.....	14
Net Syndication Proceeds.....	9	Capital Account & Exit Tax Liability.....	15
TCAC Calculations.....	10a	Investment Summary.....	16
TCAC Transfer Event Calculation.....	10b	Net Quarterly Benefits.....	17

SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS
Conventional Perm Loan - A Tranche	4,143,000	4.000%		30.0	Total Permanent Debt: 4,143,000
Seller Carryback Loan	6,867,772	1.120%	1.120%	55.0	Term - 30 (yrs.) Index - 10Y T - 0.800% Spread - 280 bps
Accrued Deferred Interest - Seller Carry	155,501				
SDHC Assumed Principal	2,100,000	3.000%	1.788%	55.0	Per Unit: 30,882
SDGC Assumed Interest	476,195				
Accrued Deferred Interest - SDHC Assu	50,490				
Income from Operations	262,421				
Deferred Developer Fee	0				Cash Developer Fee 1,200,000
Capital Contributions					
General Partner (Developer Fee)	1,451,917				Total LP capital includes release of bond collateral funded during construction
GP Capital	100				Synd Costs 185,126
GP Capital - Reserves	393,269				Net Equity for TCAC 6,226,653
Limited Partners	6,411,779				Fed LIHTC: \$0.91
TOTAL SOURCES	22,312,445				
Surplus/(Shortfall)	(0)				

PERMANENT LOAN INTEREST RATE	TRANCHE A	TRANCHE B	INVESTOR EQUITY STACK	OTHER ASSUMPTIONS
Base Rate	3.600%	3.600%		
Cushion	0.400%	0.400%	LIHTC Equity (Federal+Ste	Current AFR: 1.12%
MIP	0.000%	0.000%	Historic Tax Credit	AFR Month: 1/1/17
GNMA/Servicing	0.000%	0.000%	Investment Tax Credit (Sol	AFR Cushion: 0.00%
Issuer	0.000%	0.000%	0 Issuer min/y	
Trustee	0.000%	0.000%	0 per annum	
Rating	0.000%	0.000%	0 per annum	
Remarketing	0.000%	0.000%	0 per annum	
Rebate Analyst	0.000%	0.000%	0 per annum	
Total	4.000%	4.000%	Subtotal LP Equity 6,411,779	Total U/W AFR: 1.12%

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS
Tax-Exempt Construction Loan	12,377,767	4.250%	24	
Seller Carryback Loan	3,099,208	1.120%	24	Tax-Exempt
Accrued Deferred Interest - Seller Carry	155,501			
SDHC Assumed Principal	2,100,000	3.000%	24	
SDGC Assumed Interest	476,195			
Accrued Deferred Interest - SDHC Assu	50,490			
Costs Deferred Until Conversion	1,566,820			See page 2 - right column
Income from Operations	0			
Deferred Developer Fee	0			
Capital Contributions				
General Partner (Developer Fee)	1,451,917			LP Equity - Construction Period
GP Capital	100			LP Equity used for constructi
GP Capital - Reserves	393,269			LP Equity used for bond colla
Limited Partners*	641,178			Total Equity During Constr
TOTAL SOURCES	22,312,445			Net Equity for TCAC 456,052
Surplus/(Shortfall)	0			Less Costs Deferred to Conve
Sources Less Deferred To Conversion:	20,745,625			21,671,267

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: LIBOR	Restricted NOI 272,997	50% Test (see Page 7): 60.00%
Current Index: 0.40%	OAR 2.00%	Issuer Inducement: TBD
Spread: 2.85%	FMV per NOI 13,649,860	CDLAC Allocation: TBD
Base Interest Rate (not including cushi	Agg. Credit Value @ 0.91 6,411,779	Percent of CDLAC Allocation Us
Cushion - Total 1.00%	Perm-Only Soft Debt 0	Const-only portion: 8,234,767
Interest Rate (All-In) 4.25%	Total Value 20,061,639	
	LTV: 100.00%	CDLAC Limit 31,035,000
	Max. Const. Loan Amount 20,061,639	12,377,767
	Commitment Amount TBD	

SELLER POSITION

Proceeds of Sale:		Uses of Cash to Seller:		
Sales Price	10,800,000	Incl. Reserves & Person Cash to Seller	1,356,033	1,170,221 Total SDHC interest
Seller Carryback Note	(6,867,772)	Repayment of Debt	(662,007)	694,026 Repayment of SDHC interest
Assumed Debt	(2,576,195)	Repayment of SDHC inter:	(694,026)	476,195 Assumed SDHC interest
Allocation toward GP Loan	0			
Cash to Seller	1,356,033	Net Cash to Seller	0	

Uses of Funds

Version: Feasibility v1.2

Res Cost: Res Sq Foot:			100.00% 100.00%		COST ALLOCATIONS					LIHTC ELIGIBLE BASIS		OTHER BASIS & COST ALLOCATIONS							
			Total		Total Non-		Non-			Constr./		Deferred to Completion or		Land/Basis for		Historic Rehab Tax Credit		ITC Tax Credit Basis	
							Depreciable												
																</			

COMMUNITY HOUSINGWORKS
BANK REFERENCES

17. Bank References

San Diego Housing Commission – Developer Disclosure Statement

17. Names and addresses of bank references, and name of contact at each reference:

1. Name: **Sebastian Glowacki, Business Development Officer, US Bank**
Address: **633 W. 5th Street, 29th Floor, Los Angeles, CA 90071**
Phone: **303-585-4230**
Project Name and Description:
**North Park Seniors (New Construction, 76 Units, in San Diego);
Kimball Tower (Rehabilitation, 151 apts., in National City); and
Morgan Tower (Rehabilitation, 152 apts., in National City)**
2. Name: **Perica Bell, Managing Director, Union Bank**
Address: **1901 Avenue of the Stars, Suite 600, Los Angeles, CA 90067**
Phone: **310-551-8964**
Project Name and Description:
**Kalos Apartments (New construction, 83 apts., in San Diego); and
Keeler Court (New construction, 71 apts., in San Diego)**
3. Name: **Todd Fabian, Vice President, National Equity Fund**
Address: **500 S Grand Ave, #2300, Los Angeles, CA 90017**
Phone: **213-240-3144**
Project Name and Description:
**Las Serenas Apartments (Rehabilitation, 102 apts., in San Diego); and
Sun Ridge Apartments (New Construction, 198 apts., in Concord)**

COMMUNITY HOUSINGWORKS
LIST OF PREVIOUS UNDERTAKINGS

20. List of Previous Undertakings

San Diego Housing Commission – Developer Disclosure Statement

20. List undertakings (including, but not limited to, bid bonds, performance bonds, payment bonds and/or improvement bonds) comparable to size of the proposed project which have been completed by the CONTRACTOR, including identification and brief description of each project, date of completion, and amount of bond, whether any legal action has been taken on the bond:

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
Keeler Court Apartments Public Improvements	Grading and improvement plans to build affordable housing	Est. 8/2021	\$331,240	Active
Paseo Artist Village – Landscaping and Irrigation Bond	Public landscaping and irrigation related to development of affordable housing	Est. 9/2021	\$22,000	Active
Paseo Artist Village – Performance Bond	Site improvement work related to development of affordable housing	Est. 9/2021	\$270,000	Active
Paseo Artist Village – Grading, Drainage and Erosion Control	Site grading and erosion control work related to development of affordable housing	Est. 9/2021	\$363,000	Active
Paseo Artist Village – Payment and Performance Bond	Construction of Water System related to development of affordable housing	Est. 9/2021	\$78,163	Active
Paseo Artist Village – Warranty Bond	Construction of Water System related to development of affordable housing	Est. 9/2021	\$7,816	Active

**COMMUNITY HOUSINGWORKS
DEVELOPER QUALIFICATIONS**

22. CHW Developer Qualifications

Community HousingWorks

QUALIFICATIONS

Community HousingWorks (CHW) is a nationally-recognized 501(c)(3) non-profit organization that believes opportunity begins with a stable home. Community HousingWorks provides and builds life-changing affordable apartment communities with resident-centered services for working families, seniors, and people with disabilities to forge stronger futures.

CHW has successfully developed new and renovated existing multi-family, affordable rental apartments in urban, suburban and rural communities in California since 1988. With nearly 3,700 rental apartments in 42 communities statewide as of September, 2019, CHW proudly serves more than more than 9,000 children and adults each year. CHW is an Exemplary member of the national NeighborWorks Network®, a founding member of the Housing Opportunities Collaborative, an award- winning affiliate of UnidosUS, and the national Housing Partnership Network.

In addition to developing quality, cost effective apartment communities, CHW distinguishes itself from other developers with outcome based programs for our residents. CHW delivers onsite programs to residents to give people the knowledge, tools, and motivation to achieve their goals and dreams. As a result, many adult residents are able to get out of debt, improve their credit, and start a practice of saving for the future; and youth have a safe place to learn and grow, improve reading ability, and succeed at school. Our board of directors, donors and fund raising programs help support the cost of these services.



North Santa Fe | Vista, CA



Kalos | San Diego, CA

Developer Experience

Since 1988, CHW's multifamily division has established a successful track record as a real estate developer in urban, suburban, and rural areas. We have completed and currently own 42 rental communities with nearly 3,700 apartments statewide as of September, 2019, with over 1,400 apartments in development. Our rental developments thrive in higher income communities such as Carlsbad and suburban Poway, as well as in inner-city communities like San Diego's City Heights and Shelltown.

Developments like Kalos (San Diego), North Santa Fe (Vista), Mission Cove (Oceanside), Paradise Creek (National City), La Costa Paloma (Carlsbad), and SOLARA (Poway) illustrate CHW's experience with large-scale new construction, complex sites, and wood frame over podium parking, developments comparable to the future of infill housing. The successful development and operation of these rental communities demonstrates our capacity to acquire, design, purchase land, obtain entitlements, finance, build and operate residential properties. And while some nonprofits have amassed portfolios of thousands of units not by developing themselves but by being the tax-exempt partner for other developers, CHW has been the sole developer, or the lead partner in the development of all 42 communities in our portfolio, with the exception of Paradise Creek.

Portfolio Overview

CHW has over 1,400 apartments in the active pipeline of new construction, acquisition, rehabilitation and preservation. In the last two years, CHW grew by over 40 percent, transforming itself into a powerhouse recognized by *Affordable Housing Finance Magazine* as number 33 of the “Top 50 Affordable Housing Developers” nationwide in 2017.

At the close of the fiscal year 2018, Community HousingWorks had Unrestricted Net Assets of more than \$65 million. CHW’s current portfolio is valued at over \$621 million. CHW maintains a cash position covering at least six months of operations, and derives its income from diverse funding sources including governments, foundations, corporate grants, individual donors, development and asset management fees. The diversity of funding sources and business lines has allowed CHW to be resilient and grow significantly in the past five years, in spite of diminished government resources.



North Park Seniors | San Diego, CA

Cost Efficiency, Schedule, and Entitlements

CHW works with top architects to design apartment complexes that fit seamlessly into the existing community and complement and enhance the surrounding homes and neighborhoods. Our cost-effective designs are attractive and responsive to community needs and context. A study by Keyser Marston Associates, *Construction Cost Comparison Analysis – Affordable vs Market Rate Development*, released by the San Diego Housing Commission in 2011, highlighted our cost-conscious design achievements, favorably comparing Kalos Apartments, our 83-unit, four story, wood frame with concrete podium in North Park, to several other local developments.

Profile: North Santa Fe Apartments: On-Time, Under-Budget, Stellar Costs by Industry Norms

CHW’s recently completed family development in Vista is an example of our experience and qualifications regarding cost efficiency and budget construction performance, illustrating that—in addition to rehab projects—CHW excels at new construction. Constructed by Sun Country Builders, costs were below other tax credit developments.

The city selected CHW through an RFQ process in July 2012. By the following June, CHW had completed full design and entitlements on a complicated site for a 68-unit podium (underground garage) construction, and had readiness to apply for a competitive tax credit allocation in July 2013. After learning that CHW’s 9% tax credit application won, we successfully completed construction documents and pulled grading and building permits prior to closing in March 2014. This exhibited our experience in obtaining entitlements, working successfully with a city for both housing development as well as permits.

The project, with a Green Point Rated certification of 201 points (Platinum), one of the top seven scores ever recorded in California, completed construction early, under-budget, despite having additional environmental remediation. Savings were used to add photovoltaic panels for common area energy mitigation. We applied for and won AHP finance from the Federal Home Loan Bank (“FHLB”) of San Francisco for \$670,000; as we neared completion with project savings, we returned the award to the FHLB, undisbursed. The final project costs were virtually identical – within \$19,000 – to the projections provided to the city in the original RFQ. Moreover, the project was 100% occupied by income-qualified residents within 10 days of the Certificates of Occupancy in July 2015.

The final cost for North Santa Fe Apartments, completed in 2015, was \$297,000/unit, significantly below the cost of most other tax credit affordable developments. Data provided by California Tax Credit Allocation Committee (“CTCAC”) indicates that for 2015, the average cost per unit for new construction was \$390,000 per unit.

Sustainability Leader: Operating Cost Efficiencies, Resident Health

CHW is committed to sustainability as a benefit both for resident health as well as for mitigation of project operating costs. Nationally noted as an innovator and leader in sustainability, our landmark SOLARA development (2007) exemplifies CHW’s track record in this area.. Prior to there being a LEED for Homes program, but following the USGBC LEED checklists that existed for commercial properties, CHW achieved the first virtual net zero energy project that was a pilot project of the California Energy Commission (“CEC”). By 2017, CHW’s solar investments alone had met 3.5 megawatts of the federal 2020 goal of 100 megawatts of solar on affordable apartments.



Solara | Poway, CA

As a national leader in the field of sustainable design and development, CHW has made it our business to know how to **access financial incentives** to lower the cost of installing energy and water conserving technologies, and we lead the industry in using green technologies to lower operating costs and to provide them as amenities. CHW has been awarded for our commitment to renewables, and we have photovoltaic panels providing electricity in 18 of our apartment communities. CHW’s sustainable design and construction practices seek to promote a healthy environment and to provide thermal comfort and utility savings for our residents. High performance buildings reduce our carbon footprint, minimize the use of natural resources, and, perhaps most importantly, significantly lower utility and maintenance costs over time.

We are thoughtful and careful on selection of sustainable elements, looking at long term operating cost efficiencies from water and energy performance enhancements, but also mindful of operating costs for unit interiors such as plank flooring versus carpet in apartments, using no-VOC paints to prevent allergy and asthma particularly in seniors. We have been recognized with numerous national and statewide awards for sustainability.

CHW SUPPORTIVE HOUSING EXPERIENCE

Community Housing Works (CHW) has owned and operated housing for people experiencing homelessness since CHW opened its first ever project, a transitional apartment community for homeless families with state funding, in 1989. Community HousingWorks was an original member of San Diego's Continuum of Care and received its first HUD funding under those programs in 1996. Our Board-approved strategic plan in 2017 reaffirmed our commitment to house formerly homeless residents, with future projects ranging from 30-100% occupancy by formerly homeless people. Our portfolio currently includes 71 supportive housing apartments serving formerly homeless people, and includes two communities with 100% of the apartments set aside for formerly homeless people. An additional 102 apartments serve homeless and vulnerable people through subsidies, services, and creative community partnerships.

CHW initially provided its own supportive services for most of its homeless supportive housing residents (including residents at Marisol, Las Casitas, Avocado Court, Manzanita). As priorities for homeless housing shifted to prioritize the most vulnerable, disabled, and chronically homeless, CHW contracted supportive services with nonprofits that offer more specialized case management staff and mental and behavioral health programming. CHW receives referrals for the four programs at Las Casitas, Avocado Court, Manzanita, and North Park Seniors from the Coordinated Entry System (CES) of the Homeless Management Information System county-wide database. CHW's contracted nonprofits provide the full range of services, from help screens and client intake through case management, collaborating with CHW as owner and our third party property management to ensure housing stability. The intake and leasing policies for CHW projects managed by Con Am Property Management were recently acknowledged as a Housing First "gold standard" by the San Diego Regional Task Force on the Homeless. Residents under this Housing First model have high VI-SPDAT (Vulnerability Index - Service Prioritization Decision Assistance Tool) scores indicating high-risk or severe needs.

CHW Supportive Housing

Permanent Supportive Housing and TAY Supportive Housing

- **Las Casitas** (2001, Escondido, CA) - 100% (14/14 units- 42 beds with HUD PSH funding) of PSH for chronically homeless families who experienced challenges with substance abuse or single parent households escaping situations of domestic violence. CHW contracts Interfaith Community Services (ICS) for supportive services. Interfaith receives referrals from Child Welfare Services for a majority of these households. As residents move on-site, case management focuses on reuniting eligible parents or guardians with children that may have become separated, preventing long-term foster placements.
 - **Marisol** (1997, Oceanside, CA) - 100% (25/25 units, 21 at Marisol and 4 at Old Grove) – PSH apartments for people with HIV/AIDS, with 10 apartments reserved for formerly homeless people and 15 apartments prioritized for formerly homeless people. CHW
-

received capital funds (and for many years, services funding) from the Housing for Persons with Aids (HOPWA) program, and Project-Based Section 8 from Oceanside Housing Authority. Many residents have a dual-diagnosis of mental health or addiction disorder, and HIV/AIDS disabilities. Many residents identify with the LGBT community. CHW has contracted with Interfaith Community Services to provide intake screening and case management addressing the physical, substance abuse, and mental health concerns faced by residents.

- **Avocado Court** (2010, Escondido, CA) - 22% (8/36 units- 10 beds with HUD PSH funding) of PSH for chronically homeless veterans experiencing multiple mental and physical disabilities. CHW contracts Interfaith Community Services (ICS) for supportive services. ICS receives referrals from local veteran assistance programs and provides intensive case management.
- **Manzanita** - 3% (6/200 units- or 13 beds with HUD PSH funding) of PHS for chronically homeless veterans experiencing multiple mental and physical disabilities. CHW contracts Interfaith Community Services (ICS) for supportive services. ICS receives referrals from this program from local veteran assistance programs and provides intensive case management.
- **North Park Seniors** (2018, North Park, San Diego, CA) - 11% (8/76 units) -- PSH apartments for formerly homeless seniors (55+) with disabilities, in an LGBT-affirming community. CHW received a contract with San Diego Housing Commission, who refers clients through the Coordinated Entry System to the Project-Based Section 8 units. CHW contracted the LGBT Center of San Diego to provide case management for the 8 households and to provide resident services to all the senior residents.
- **North Santa Fe** (2014, Vista, CA) 15% (10/68 units) Supportive housing apartments for Transitional Age Youth (TAY) foster youth at risk of homelessness. North County Lifeline provides case management and rental assistance for apartments set aside for these residents. As of 2018, three TAY youth have already “graduated” into other non-set aside apartments at North Santa Fe.

Other CHW Homeless-Serving and Special Needs Programs:

- **Alabama Manor** (2008, North Park, San Diego, CA) 34% (23/67 units) available for disabled seniors (age 55+ with HIV/AIDS, physical, and/or orthopedic disabilities) as restricted by project capital funding under the state Multifamily Housing Program (MHP). CHW currently provides a Resident Services Coordinator (RSC). The primary focus of the RSC is to work to link residents to their case management services and to link residents to opportunities and programs to help maintain health, benefits, jobs, child care, and computer training.
- **Mission Cove Seniors** (2018, Oceanside, CA) 20% (28/137 units) Opened in 2018, Mission Cove Seniors is a 62+ senior property with 137 affordable apartments. CHW established a homeless setaside, and worked with partner homeless service providers to identify and refer 28 clients with services and/or subsidies to the waitlist. Nine of the first tenants referred identified as veterans.

- **La Costa Paloma** (2016, Carlsbad, CA) 3% (6/180 units) Community Resource Center refers homeless families experiencing homelessness into up to 6 apartments and provides them with case management and rent subsidies.
- **Kalos** (2013, North Park - San Diego, CA) 6% (5/83 units) Homestart refers residents into up to 5 two bedroom apartments for young mothers (age 18-23) who are experiencing homelessness or are at risk of homelessness and provides them with case management and rent subsidies to stabilize their housing situation.
- **Parkview Terrace, Hillside, Solara** (Poway, CA) 2% (5/219 units) Through a partnership with Crisis House (administering for Soroptomists), CHW accepts referrals for up to 5 apartments to house victims of domestic violence experiencing homelessness. Crisis House coordinates the transitional housing program, rent subsidies and case management services. Most residents transition into permanent tenancy onsite.
- **Hillside Village** (2007, Poway, CA) 3% (2/71 units) Through a partnership with the San Diego Regional Center (SDRC) CHW accepts referrals for 2 apartments to house developmentally disabled adults at 35% AMI. SDRC provides case management for these residents.
- **Solutions Family Center** (2004, Vista, CA) 100% (33/33 units) In partnership with North County Solutions for Change, CHW developed these 33 transitional housing apartments for homeless families as well as a homelessness services center, for operation by Solutions. CHW continues in a limited partner role as owner of the property.

Pipeline:

Keeler Court (San Diego, CA) 10% (7/71 units) available for disabled veterans with case management through the VASH program.

Ulric I (San Diego, CA) 10% (10/96 units) available for permanent supportive housing with services by the Veteran Affairs (VA) and Community HousingWorks.

Ulric II (San Diego, CA) 10% (6/60 units) available for permanent supportive housing with services by Community HousingWorks.

Community HousingWorks

Key Personnel

Community HousingWorks' (CHW) success is in its team. With over 30 years of combined private sector development experience and over 50 years of affordable housing finance, development and operations experience, our team of professionals delivers unparalleled expertise in project management, finance, site acquisition, entitlements and asset management. Our team adds tremendous value and vision to the industry while offering deep financial experience working with local and state housing programs, federal low-income housing tax credits, tax-exempt bonds both public and private offerings, and the laying of HUD program financing and regulatory agreements.

Sean Spear

President & CEO

Sean has served as a top local and state government leader in successive community development roles with the cities of New York, San Francisco, Los Angeles, and in Sacramento for the State of California. At the Los Angeles Housing & Community Investment Department, Sean was responsible for leading the housing production efforts and directing the operations of the Housing Development Bureau. The Bureau facilitates the financing of housing development projects with business and community partners, leveraging resources to the maximum benefit of the City's residents and neighborhoods.



Prior to joining HCIDLA, Sean was Managing Director with a national mortgage group where he consulted on acquisition, development, financing and execution of affordable housing development transactions, and originated new debt and equity executions. He, most notably, served as Executive Director of the California Debt Allocation Committee (CDLAC) from 2009-2015; administering the \$3.8 billion private activity bond program for California. Sean brings additional private sector experience from his time with Fannie Mae; then providing housing development and public financing resources across the Western United States. Throughout his career he has developed both new project financing structures (especially for affordable housing preservation), as well as designed and implemented billion-dollar governmental programs with the goal of building better communities for those in greatest need.

Sean holds both graduate and undergraduate degrees from Cornell University, and is a member of the invitation-only Lambda Alpha International Society for Land Economics.

Key Personnel

Brian Kay

Chief Financial Officer

As CFO, reporting to the President & CEO, Mr. Kay has brought leadership and cross-department expertise to the office with a proven ability to drive multi-functional teams to results. Mr. Kay is a Certified Public Accountant with over 20 years of combined public and private accounting and finance experience. Mr. Kay has raised capital and managed the performance of an internal board-designated quick-strike \$25 million real estate predevelopment and acquisition fund comprised of debt and equity components. He regularly assesses and mitigates for organizational and financial risk across the organization including tax, legal, regulatory, and structural. Before joining CHW in 2012, his career highlights include leadership positions within several diverse San Diego companies. Most recently with Five Point Capital, Inc., he completed a loss to profit turnaround story culminating in an owner-acquisition. He also led the financial aspect of Anonymizer, Inc.'s sell-side transaction to Abraxas Corporation at a multiple of 16.5x's EBITDA. While at Provide Commerce (formerly ProFlowers), he managed growth from start-up to over \$100 million annual sales and played a key role in the company's successful initial public offering (IPO).



Mr. Kay holds a Bachelor of Arts in Economics and Business from Westmont College in Santa Barbara, CA.

Jim Kelly

Chief Operations Officer

As COO, reporting to the President & CEO, Jim Kelly has been innovating side by side with all members of organizational staff to drive Operational Excellence, since his early leadership position in an Irvine lending company created an industry standard documentation process over 25 years ago. Football and college took him to Kansas, and a passion for leading continuous growth and development, and for CHW's mission are bringing him back to southern California.



Mr. Kelly has experience in marketing and creating quality improvements across every kind of company: including serving as district sales leader for Coca Cola Enterprises, recruiting vocational training candidates for a state training program, and leading marketing, operations and then the whole enterprise as COO at an international manufacturing firm. For seven years prior to joining the CHW team, Mr. Kelly was a performance coach and interim leader for many kinds of businesses and roles, including serving in a leadership role at a local non-profit for the homeless as Director of Operations.

Mr. Kelly holds a Master of Business Administration from Kansas Wesleyan University and a Bachelor of Science in Total Quality Management from Friends University, Wichita, Kansas.

Key Personnel

Mary Jane Jagodzinski

Senior Vice President, Housing and Real Estate Development

Ms. Jagodzinski heads the 19-person Housing and Real Estate Development Department, reporting to the President & CEO, which she joined in 2003. At CHW, she has developed or supervised completed construction or renovation of over 2,000 affordable apartments, with a total project cost of approximately \$600 million; current pipeline totals over 1,000 apartments with total project cost over \$400 million. While at CHW, Ms. Jagodzinski has led developments that have been nationally recognized for innovation in sustainability, design and finance, including receipt of a ULI Award of Excellence – The Americas and a Novogradac Journal of Tax Credits Award for Innovative HUD Finance.



Prior to CHW, Ms. Jagodzinski's experience included: regional head of a national developer's commercial development group where, in joint ventures with an institutional investor she developed over 500,000 sf of retail, office, hotel and mixed-use projects; Vice President of a national engineering/environmental firm providing advisory services to the financial and investment industries; and, entitlement consultant for several large master plan developments. Previously, she held senior positions with the State of California including: Executive Director of the California Debt Limit Allocation Committee (CDLAC); and, Principal at Assembly Ways and Means Committee, as fiscal committee expert on taxation, bonds and housing.

Mary Jane Jagodzinski received her Bachelor of Arts (Economics, Honors) from CSU Sacramento, and her Master's degree in Business Administration from the Harvard Graduate School of Business Administration. She served as a member of the Board of Directors of the San Diego Housing Federation (2011-2017, President, 2014-16), and as an invited member of the CEC's Affordable Housing Advisory Committee for the New Solar Homes Partnership.

Kelly Modén

Vice President of Development

Ms. Modén is a seasoned real estate development and construction professional with over 18-years in the industry. She joined Community HousingWorks in 2019, reporting to the Senior Vice President of Development, and leads the project development team ensuring on-time on-budget delivery of all CHW ground-up and rehabilitation projects.



Prior to CHW, Ms. Modén managed over \$500 million of multifamily and commercial development or rehabilitation projects, negotiated leases in excess of \$30 million of additional annual revenue including ground leases, and transacted over \$75 million in acquisitions. She had led complex entitlement efforts including Site Development Permits, Coastal Development Permits, Subdivision Maps, and permits with the Army Corps of Engineers, Regional Water Quality Board, and Department of Fish and Wildlife.

Ms. Modén is active in the commercial real estate industry and is a Board Member with NAIOP San Diego and is co-chair of the Legislative Committee and San Diego representative for the State Legislative Committee, on the CHW Executive Committee, and most recently in March 2020, Ms. Modén was appointed to the City of San Diego Planning Commission by San Diego Mayor Kevin Faulconer.

Ms. Modén received her Bachelor's degree in Environmental Design with an Architecture Emphasis from the University of Colorado at Boulder, and has pursued continuing education focused on financial analysis, storm water management and the California Environmental Quality Act.

Key Personnel

Marc Welk

Director of Project Finance

Marc Welk has over 10 years of experience in affordable housing and community development. As Director of Project Finance, reporting to the Senior Vice-President, of Housing and Real Estate Development, Mr. Welk is responsible for the creative financial structuring and for proforma design and review for all CHW projects. Previously as a Project Manager at Community HousingWorks, he was responsible for managing all aspects of the affordable housing development process from project conception through construction, lease-up and occupancy. Prior to joining Community HousingWorks in 2015, Mr. Welk worked for a for-profit affordable housing developer in Los Angeles. He has experience accessing multiple affordable housing financing programs including Low Income Housing Tax Credits, Tax Exempt Bonds, Housing & Community Investment Department of Los Angeles Affordable Housing Trust Funds, Federal Home Loan Bank Affordable Housing Program, CA Mental Health Services Act, CA Transit Oriented Development and others.



Marc Welk received his Bachelor of Arts in Urban Planning from the University of Southern California.

Nhan Ho

Director of Acquisitions

As an Acquisitions Manager, Mr. Ho's responsibilities include sourcing, underwriting, and acquiring affordable housing communities with various financing strategies. This entails establishing financial and market feasibility, physical due diligence, and identifying and securing sources of bridge, construction, and permanent debt. Since joining Community HousingWorks in 2013, Mr. Ho has acquired properties across California, expanding Community HousingWorks' footprint and adding more than 1,300 units. He was also part of the National City Request for Proposal team, underwriting for the acquisition of two senior HUD towers. In addition to acquiring communities in the marketplace, he is also responsible for portfolio repositioning and dispositions, including the disposition and recapitalization of six properties.



Prior to joining Community HousingWorks Mr. Ho worked as an Acquisitions Associate at a private equity firm where he underwrote, bid, and acquired distressed assets portfolios, including commercial, residential, and inventory; and as an Asset Manager at a nationally recognized syndicator and developer where he oversaw a nationwide portfolio of LIHTC properties.

Nhan Ho received his Bachelor's degree in Economics at San Diego State University. Licensed Real Estate Agent.

Key Personnel

Stephen Swiecicki

Director of Acquisitions

Stephen Swiecicki joined Community HousingWorks in 2016 and reports to the Vice President of Forward Planning. As an Acquisitions Manager, Mr. Swiecicki is responsible for identifying and securing multi-family development sites and acquisition/rehabilitation properties. Additionally, he manages the feasibility review process as well as leads the entitlement efforts for new construction developments.



Mr. Swiecicki has more than 17-years of comprehensive multifamily/commercial real estate and financial services experience with principal investment, asset management, and capital markets advisory for real estate operating companies and assets. He has had personal involvement with over \$800 million in multifamily investment, \$425 million of debt closings and has managed portfolios with value in excess of \$2.5 billion. Since joining CHW, he has helped to secure approximately 600 affordable dwelling units to the portfolio including the organization's first ground-up development project outside of San Diego County.

Stephen Swiecicki received his Bachelor of Science degree in Finance from Virginia Polytechnic Institute and State University.

Lisa Huff

Senior Project Manager

Lisa Huff joined Community HousingWorks in 2012 and reports to the Vice President of Development. As a Senior Project Manager, Ms. Huff's focus is on early conceptualization and predevelopment of new affordable housing developments. Her responsibilities include leading design, entitlement, and community outreach, implementing financial structures, and working with key funding and community partners. Ms. Huff also serves as the CHW's real estate development team lead on supportive housing programs.



Ms. Huff has over 15 years of experience in affordable housing and community development. To date, at CHW, she has structured a HUD 221(d)(4) mortgage, securing project-based HAP contracts, and executed competitive 9% and 4% low income housing tax credit projects. Ms. Huff's work on the Azusa Apartments acquisition rehab project, in Los Angeles County, gained national recognition with awards from: Affordable Housing Finance Magazine, The Affordable Housing Tax Credit Coalition, Southern California Association of Non-Profit Housing, and Novogradac. Prior to joining Community HousingWorks, Ms. Huff worked for a San Diego-based non-profit affordable housing developer obtaining financing to develop 225 affordable units including 65 units for persons previously experiencing homelessness.

Ms. Huff received her Bachelor of Arts in Political Science from the University of California San Diego. She serves as Co-Chair of the County of San Diego Behavioral Health Services Housing Council.

Key Personnel

Michelle Muñiz

Associate Director of Development

Michelle Muñiz joined Community HousingWorks in 2020 and with a strong background in affordable housing finance and regulatory processes. Throughout her career, Ms. Muñiz has collaborated on over 90 funding applications, successfully securing over \$200 million from various local, state and federal funding sources.



As Associate Director of Development, reporting to the Vice President of Development, she reviews the work product of Project Managers including overseeing the preparation of bond, tax credit and other funding applications, financing documents, finance closings, budget tracking, contract negotiation, and participates in response to request for qualifications or proposals.

Prior to CHW, Ms. Muñiz worked for a statewide affordable housing developer based in San Diego for four years. Her previous role as Applications Manager was to support Acquisitions and Development by leading the completion of financing applications, RFPs, and tracking deadlines, performance milestones, and results associated with these activities.

Michelle Muñiz holds a Bachelor of Science in Accounting and a Master of Science in Real Estate from the University of San Diego.

Rosalind Ross

Project Manager

Rosalind Ross is responsible for all phases of real estate development from pre-development, construction, lease-up, and occupancy. Ms. Ross joined Community Housing Works in 2017 and reports to the Vice President of Development.



Prior to joining CHW, Ms. Ross was Sr. Project Manager for a Louisiana-based non-profit affordable housing developer where she managed over \$55 million of real estate development that generated 300 apartments and homeownership units. Ms. Ross' prior work experience includes asset management for an international commercial real estate investment firm, neighborhood economic development planning for a New York City business improvement district, and corporate finance for an international financial services firm.

Rosalind Ross received a Bachelor of Arts in Economics from Spelman College, a Master of Urban Planning from the Robert F. Wagner Graduate School of Public Service at New York University and Certification in Urban Redevelopment from The University of Pennsylvania. Ms. Ross is also an alum of the CORO Fellows Program in Public Affairs in San Francisco.

Key Personnel

Anna McMaster

Project Manager



Reporting to the Vice President of Development, Anna McMaster joined Community Housing Works in 2019 as a Project Manager. She is currently responsible for the planning, coordination, and overall project management for assigned ground-up development and rehabilitation projects for CHW. Throughout her career, she has been instrumental in the development of more than 300 units of affordable housing and investments of over \$125 Million in construction financing and tax credit syndications.

Ms. McMaster is passionate about building equitable, sustainable, and thriving communities. Before joining CHW, she worked for both a for-profit Low-Income Housing Tax Credit developer and a non-profit Community Land Trust in Florida. In these roles, she specialized in project management of affordable housing developments, the establishment of regional and local housing plans, as well as the creation and leadership of community engagement projects.

Anna McMaster holds a Master's degree in Urban and Regional Planning from Florida Atlantic University, a certificate of Urban Planning and Design from Harvard University, and a Bachelor's degree in Sociocultural Anthropology from the University of California, San Diego. She was a founding fellow with the New Leaders Council of Broward County and served on their Board of Directors for three years.

Jacklyn Oh

Project Manager



Jacklyn Oh joined Community HousingWorks in 2018 as an Associate Project Manager, most recently promoted to Project Manager reporting to the Vice President of Development. Ms. Oh is responsible for managing all development aspects of assigned affordable housing projects including: entitlements, design, funding applications, permitting, closing and construction. Her work to date has included managing the early stages of projects through design, entitlements, environmental review, and competitive funding applications including City/County, TCAC, CDLAC, MHP, AHP, and CalHFA. She is currently working through the multiple development stages of four new construction projects, approximately 336 units total and 2,100 square feet of retail, in the San Diego County and Sacramento regions.

Prior to joining CHW, Ms. Oh worked for a development consulting firm in Los Angeles and real estate sales in San Diego.

Jacklyn Oh received a Bachelor of Science in Community and Regional Development from University of California Davis and a Master's degree in Urban and Regional Planning from University of California Los Angeles.

Key Personnel

Chris Bloom

Project Manager

Christopher Bloom joined Community HousingWorks in 2020 as a Project Manager with a strong real estate background in acquisitions, finance, and development. Reporting to the Vice President of Development, Mr. Bloom's is responsible for managing all development aspects and phases of new construction and rehabilitation projects. Prior to joining CHW, Mr. Bloom was instrumental in closing more than \$25 million in construction financing for an affordable housing development and securing over \$10 million through competitive funds. He has also successfully entitled multiple projects, solely transacted more than \$15 million in acquisitions, and assisted with over \$50 million in closings.



Christopher Bloom has a Bachelor of Arts in Economics at San Diego State University and is pursuing his Master's degree from Georgetown University.

Chris Johnston

Vice President, Asset Management

Mr. Johnston joined Community HousingWorks in 2017 as a Senior Asset Manager with nearly 20 years of experience in the affordable housing business. Prior to joining CHW, he worked for nine (9) years at national bank as the Co-Director of Asset Management, where he managed a team of asset managers and oversaw a direct portfolio of approximately 40 properties and a portfolio of 35 funds. He was also responsible for all LIHTC dispositions. Mr. Johnston also served as a LIHTC acquisition officer at national, private, full-service tax credit syndicator headquartered in Seattle Washington; and as an Investment Manager at a public utility company, one of the first corporate investors of affordable housing. At the public utility company, he managed a portfolio of over 1,300 properties in 52 funds.



Chris Johnston earned his Bachelor of Arts in Urban Studies at UC San Diego and a Master's degree in City Planning from Georgia Institute of Technology.

Jorge Riquelme

Senior Vice President, Achieve Resident Services

As Senior Vice President, Achieve Resident Services, reporting to the COO, Mr. Riquelme is responsible for the design and delivery of resident services programs at CHW apartment communities throughout the state of California in three areas: Education, Financial Well-being, and Health and Wellness. He has over 20 years of leadership experience in nonprofit organizations both in the US and abroad and was a college professor for 10 years doing research and teaching on international migration and immigrant integration. Mr. Riquelme has done international development consulting work on projects related to democratic governance and poverty reduction with the United States Agency for International Development (USAID), the International Foundation for Electoral Systems (IFES), the Organization of American States (OAS), the United Nations Development Program (UNDP), and the Inter-American Development Bank (IDB).



Jorge Riquelme has a Bachelor of Arts in Sociology from the University of California at San Diego and holds a Master's degree in Sociology from Binghamton University.

COMMUNITY HOUSINGWORKS
INSURANCE CERTIFICATES

26. Insurance Certificate



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/27/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Arthur J. Gallagher & Co Insurance Brokers of CA Inc LIC #0726293 1255 Battery Street #450 San Francisco CA 94111	CONTACT NAME: Raquel Reyes Raya PHONE (A/C, No, Ext): 415-536-8549 E-MAIL ADDRESS: Raquel_reyes-raya@ajg.com FAX (A/C, No): 415-536-8499														
INSURED COMMUNITY HOUSINGWORKS 3111 Camino Del Rio N Ste 800 San Diego, CA 92108	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td>INSURER A: Philadelphia Indemnity Insurance Company</td> <td style="text-align: center;">18058</td> </tr> <tr> <td>INSURER B: State Compensation Insurance Fund of CA</td> <td style="text-align: center;">35076</td> </tr> <tr> <td>INSURER C: Zurich American Insurance Company</td> <td style="text-align: center;">16535</td> </tr> <tr> <td>INSURER D: Arch Specialty Insurance Company</td> <td style="text-align: center;">21199</td> </tr> <tr> <td>INSURER E: XL Insurance America, Inc.</td> <td style="text-align: center;">24554</td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Philadelphia Indemnity Insurance Company	18058	INSURER B: State Compensation Insurance Fund of CA	35076	INSURER C: Zurich American Insurance Company	16535	INSURER D: Arch Specialty Insurance Company	21199	INSURER E: XL Insurance America, Inc.	24554	INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: Philadelphia Indemnity Insurance Company	18058														
INSURER B: State Compensation Insurance Fund of CA	35076														
INSURER C: Zurich American Insurance Company	16535														
INSURER D: Arch Specialty Insurance Company	21199														
INSURER E: XL Insurance America, Inc.	24554														
INSURER F:															

COVERAGES

CERTIFICATE NUMBER: 114730089

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:			PHPK2138836	6/1/2020	6/1/2021	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 20,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Deductible \$ 0
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			PHPK2138836	6/1/2020	6/1/2021	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			PHUB724401	6/1/2020	6/1/2021	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
B C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	92549032020 (CA) 934449900 (TX)	7/1/2020 7/1/2020	7/1/2021 7/1/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D E	Excess Liability Occurrence			UXP103854900 US00068655LI20A	6/25/2020 6/25/2020	6/1/2021 6/1/2021	Each Occurrence \$15,000,000 Aggregate \$15,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Excess Liability \$15M Structure:
 Arch Specialty: \$5,000,000 xs Lead \$5M Umbrella
 XL: \$10,000,000 xs \$5,000,000 xs Lead \$5M Umbrella

The Producer will endeavor to mail 30 days written notice to the Certificate Holder named on the certificate if any policy listed on the certificate is cancelled prior to the expiration date. Failure to do so shall impose no obligation or liability of any kind upon the Producer or otherwise alter the policy terms.
 Terrorism coverage is included.

See Attached...

CERTIFICATE HOLDER

CANCELLATION

Community Housing Capital, Inc., its successors and/or its assigns, ATIMA
 402 East Howard Avenue
 Decatur GA 30030

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

© 1988-2015 ACORD CORPORATION. All rights reserved.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

Person(s) or organization(s) required to be additional insureds by written contract , as per schedule on file"

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

COMMUNITY HOUSINGWORKS
BUSINESS LICENSE

32. Business License

POST IN CONSPICUOUS PLACE OR KEEP ON PERSON

CITY OF SAN DIEGO * CERTIFICATE OF PAYMENT OF BUSINESS TAX

COMMUNITY HOUSINGWORKS
ACCOUNTING DEPT
2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816

Certificate Number: B2004013671
Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816
Primary Business Activity: CIVIC & SOCIAL ORGANIZATIONS
Secondary Business Activity:
Effective Date: 01/01/2019
Expiration Date: 12/31/2019

PLEASE NOTIFY THE CITY TREASURER'S OFFICE IN WRITING OF ANY CHANGE IN OWNERSHIP OR ADDRESS – PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

BUSINESS FILE COPY

CITY OF SAN DIEGO
CERTIFICATE OF PAYMENT OF BUSINESS TAX
PO BOX 122289, SAN DIEGO, CA 92112-2289
1200 3RD AVENUE, MS 51T, SAN DIEGO, CA 92101
(619) 615-1500; FAX (619) 533-3272
www.sandiego.gov/treasurer

Certificate Number: B2004013671 PIN: TWBA6
Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816

Primary Business Activity: CIVIC & SOCIAL ORGANIZATIONS

Secondary Business Activity:

Effective Date: 01/01/2019
Expiration Date: 12/31/2019

Mailing Address: COMMUNITY HOUSINGWORKS
ACCOUNTING DEPT
2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816



COMMUNITY HOUSINGWORKS
2815 CAMINO DEL RIO SOUTH S #350
ACCOUNTING DEPT
SAN DIEGO, CA 92108-3816



This certificate acknowledges payment of business taxes pursuant to the San Diego Municipal Code. This **is not** a License to do business within the City of San Diego in violation of any section of the Municipal Code or regulation adopted by the City Council including, but not limited to: Zoning restrictions; Land Use specifications as defined in Planned Districts, Redevelopment areas, Historical Districts, or Revitalization areas; Business Tax Regulations; Police Department Regulations; and Fire, Health or Sanitation Permits and Regulations.

This document is issued without verification that the payer is subject to or exempt from licensing by the State of California.

Payment of the required tax at the time or times due is for the term and purpose stated and is pursuant to City Ordinance. Please refer to delinquency information under "Notice".

NOTICE: It is the responsibility of the certificate holder to renew this certificate of payment of business tax within the proper time limits. Failure to do so, even if you have not received a renewal notice, will result in the assessment of a penalty. Please note your expiration date on this certificate above. The certificate holder is requested to notify the City Treasurer's Office upon sale or closure of the business, change of location, or change of business activity.

The tax or fees collected are **Not Refundable** unless collected as a direct result of an error by the City of San Diego.

This certificate is NOT transferable for a change in business ownership.

See reverse side.

COMMUNITY HOUSINGWORKS
LIST OF CONTRACTS

35. List of Contracts

San Diego Housing Commission – Developer Disclosure Statement

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the SDHC, AUTHORITY and/or the CITY within the last five (5) years:

Project	Address	Total Funds	Purpose
Ulric Street Apartments	(CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108	\$7,000,000	Acquisition, Construction, & Permanent Financing Loan
Kalos Apartments	(CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108	\$6,965,583	Acquisition, Construction, & Permanent Financing Loan
Alabama Manor	(CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108	\$3,785,075	Acquisition, Construction, & Permanent Financing Loan
Bandar Salam	(CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108	\$2,100,000	Acquisition, Construction, & Permanent Financing Loan
Las Serenas	(CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108	\$6,100,000	Acquisition, Construction, & Permanent Financing Loan
Mayberry Townhomes	(CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108	\$905,648	Acquisition, Construction, & Permanent Financing Loan
North Park Seniors	(CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108	\$7,000,000	Acquisition, Construction, & Permanent Financing Loan

COMMUNITY HOUSINGWORKS

LOCAL REFERENCES



COMMUNITY HOUSINGWORKS LOCAL REFERENCES

Please see below three local references that are familiar with previous Community HousingWorks construction projects:

1. Name: **Karen Youel, Housing & Neighborhood Services Manager,
Community Development City of Escondido**
Address: **201 North Broadway, Escondido, CA 92025**
Phone: **760-839-4518**
Project Name and Description:
Windsor Gardens (Rehabilitation, 132 apts., in Escondido)
2. Name: **Amanda Lee, Assistant to the City Manager, City of Vista**
Address: **200 Civic Center Drive, Vista, CA 92084**
Phone: **760-643-5208**
Project Name and Description:
**Paseo Artist Village (New construction, 60 apts., in Vista); and
North Santa Fe Apartments (New Construction, 68 apts., in Vista)**
3. Name: **Carlos Aguirre, Director of the National City Housing Authority**
Address: **140 East 12th Street, National City, CA 91950**
Phone: **619-336-4391**
Project Name and Description:
**Kimball Tower (Rehabilitation, 151 apts., in National City); and
Morgan Tower (Rehabilitation, 152 apts., in National City)**

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE
CITY OF SAN DIEGO SETTING FORTH ITS OFFICIAL
INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE
BONDS TO FINANCE BANDAR SALAAM APARTMENTS
AND AUTHORIZING RELATED ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds for the purpose of financing the acquisition, rehabilitation and equipping of multifamily affordable housing and for the provision of capital improvements in connection with and determined necessary to the multifamily affordable housing; and

WHEREAS, Community HousingWorks has requested that the Authority issue and sell multifamily housing revenue bonds (Bonds) pursuant to the Act for the purpose of making a loan to Winona Avenue Housing Associates, L.P., a California limited partnership (Borrower), to be used by the Borrower to finance costs of the acquisition and rehabilitation of a multifamily affordable housing development located at 3810 Winona Avenue, in San Diego, California, as more fully identified in Exhibit A hereto (Project); and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from Bond proceeds, for expenditures (Reimbursement Expenditures) made in connection with the Project within the period from the date sixty (60) days prior to the date of adoption of this Resolution to the date of issuance of the Bonds; and

WHEREAS, sections 1.103-8(a)(5) and 1.150-2 of the United States Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds for the purpose of financing costs of the Project (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in a principal amount not to exceed \$13,500,000, as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (CDLAC) for such allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Authority hereby determines that it is necessary and desirable to provide financing to the Borrower for the Project (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of the Bonds pursuant to the Act in a principal amount not to exceed \$13,500,000, as set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose. The expected date of issue of the Bonds is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three (3) years after the date of the first Reimbursement Expenditure.

(b) Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority or any entity related in any manner to the Authority, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c) As of the date hereof, the Authority has a reasonable expectation that the Bonds will be issued to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority, as of the date hereof. The Bonds will be repaid solely from proceeds of the Bonds and amounts paid by the Borrower. No other moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Bonds.

Section 2. Declaration of Official Intent. This Resolution is being adopted by the Authority in part for the purpose of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority, the City of San Diego (City) or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition, rehabilitation and equipping of the Project, or that either the Authority or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$13,500,000 and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, additional applications to CDLAC (if necessary), and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

Section 4. Approval of Bond Counsel and Financial Advisor. The financing team of Quint & Thimmig LLP as bond counsel and CSG Advisors Incorporated as municipal advisor, is approved for the Project.

Section 5. Authority of President & Chief Executive Officer of Housing Commission.

The President & Chief Executive Officer of the Housing Commission, or designee, is hereby authorized to execute all necessary documents, in a form approved by its General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
01/06/2021
Or. Dept.: Housing
Doc. No.: 2558109
Companion to R-2021-298

EXHIBIT A

DESCRIPTION OF PROJECT

Name: Bandar Salaam Apartments

Location: 3810 Winona Avenue, San Diego, California

Number of Units: 68

Approximate Bond Amount: \$13,500,000



The City of San Diego
Item Approvals

Item Subject: Preliminary Bond Authorization for Bandar Salaam Apartments.

Contributing Department	Approval Date
DOCKET OFFICE	12/30/2020

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	12/29/2020
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	01/04/2021
CITY ATTORNEY	MIDDAUGH, MARGUERITE	01/11/2021