



HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: June 10, 2022

HCR22-089

SUBJECT: Loan Recommendation for Navajo Family Apartments

COUNCIL DISTRICT(S): 7

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

REQUESTED ACTION:

Approve a proposed residual receipts loan in an amount not to exceed \$3,379,200, to Navajo Road Housing Associates, L.P. (NRHA), a California Limited Partnership, to facilitate the acquisition and new construction of Navajo Family Apartments at 7005 Navajo Road, San Diego, in the San Carlos neighborhood, which will consist of 44 units that will remain affordable for 55 years for individuals and families with income from 30 percent to 60 percent of San Diego's Area Median Income and one unrestricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Navajo Family Apartments is a proposed 44-unit new construction affordable rental housing development.
- It will consist of 21 one-bedroom units, 11 two-bedroom units, 12 three-bedroom units, and one unrestricted manager's unit.
- Units will remain affordable for 55 years for households with income from 30 percent to 60 percent of San Diego's Area Median Income, currently \$39,050/year to \$78,060/year for a four-person household.
- Community Housing Works (CHW) proposes constructing the development with financing that would include the Housing Commission loan, a 9 percent tax credits allocation and other necessary third-party financing as described in this report.
- As part of CHW's resident-driven approach, Achieve Resident Services, CHW will perform a resident opportunity and needs assessment for Navajo Family Apartments. CHW delivers services through both on-site staff and through partners and volunteers. Core service initiative areas are Financial Well-Being, Next Generation Success, and Health and Wellness.
- The total development cost is estimated at \$25,674,369 (\$570,542 per unit).



REPORT

DATE ISSUED: June 2, 2022

REPORT NO: HCR22-089

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of June 10, 2022

SUBJECT: Loan Recommendation for Navajo Family Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTIONS

Seven-day advance notice of San Diego Housing Commission Hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4) (a)(b) for Staff Recommendation No. 1.

Approve a proposed residual receipts loan in an amount not to exceed \$3,379,200 to Navajo Road Housing Associates, L.P. (NRHA), a California Limited Partnership, to facilitate the acquisition and new construction of Navajo Family Apartments at 7005 Navajo Road, San Diego, in the San Carlos neighborhood, which will consist of 44 units that will remain affordable for 55 years for individuals and families with income from 30 percent to 60 percent of San Diego's Area Median Income and one unrestricted manager's unit.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board), take the following actions:

- 1) Approve a proposed residual receipts loan in an amount not to exceed \$3,379,200 to Navajo Road Housing Associates, L.P. (NRHA), a California Limited Partnership, to facilitate the acquisition and new construction of Navajo Family Apartments at 7005 Navajo Road, San Diego, in the San Carlos neighborhood, which will consist of 44 units that will remain affordable for 55 years for households with income from 30 percent to 60 percent of San Diego's Area Median Income (AMI), and one unrestricted manager's unit.

The Housing Commission's proposed loan will be contingent upon the developer receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the Housing Commission General Counsel's approval.

- 2) Authorize the President and Chief Executive Officer (President & CEO), or designee:
 - a. To execute any and all documents necessary to effectuate the transaction and implement the project in a form approved by the General Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement the approvals upon advice of the General Counsel, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.

- b. To adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur, provided that the proposed \$3,379,200 maximum loan amount may not increase.
- c. To substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient, and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of the General Counsel.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	7005 Navajo Road, San Diego, CA 92119
Council District	Council District 7
Community Plan Area	Navajo
Developer	Community Housing Works (CHW)
Development Type	Acquisition and New Construction
Construction Type	Type V, 4-story building
Parking Type	58 parking spaces
Transit Information	Bus service Route 115 is available at approximately one half mile on Navajo Road & Jackson
Housing Type	Affordable Family
Lot Size	1.03 Acres
Units	45 (44 affordable plus one unrestricted manager's unit)
Density	43.69 units/acre (45 units ÷ 1.03 acres)
Unit Mix	21 one-bedroom, 11 two-bedroom, 12 three-bedroom, and 1 two-bedroom manager's unit
Gross Building Area	49,877 square feet
Net Rentable Area	30,133 square feet
Project Based Housing Vouchers (PBV)	8 PBVs (not permanent supportive housing)
Affordable Units in Service by Council District	Council District 7 includes 1,602 affordable rental housing units currently in service, which represents 6.5 percent of the 24,554 affordable rental housing units in service citywide.

The Development

Community Housing Works (CHW) is proposing to develop the Navajo Family Apartments, an affordable housing development, on a 1.03-acre site at 7005 Navajo Road in San Diego, CA 92119. Attachment 2 is a site map. The project will include the development of a 49,877-square-foot (sf), four-story residential building with 44 affordable units, consisting of one-, two- and three-bedroom units. The

site is currently occupied by a 3,495-square-foot restaurant with open parking. The existing building will be demolished, along with the existing parking lot.

Navajo Family Apartments' proposed unit amenities will include: Energy Star appliances (refrigerator, oven, dishwasher), garbage disposal, air conditioning, low-flow plumbing fixtures, energy efficient dual pane windows, no VOC paint, and private balcony or attached porch. Site amenities will include: a community room, a computer room, a conference room, bicycle storage, laundry facilities and a tot lot.

Services

As part of CHW's resident-driven approach, Achieve Resident Services, CHW will perform a resident opportunity and needs assessment for Navajo Family Apartments. CHW delivers services through both on-site staff and through partners and volunteers, creating more sustainability and more ability to vary services based on resident needs and available resources. Program specifics will differ for each community, but fall into core service initiative areas: Financial Well-Being, Next Generation Success, and Health and Wellness. Programs and services will be offered to all residents, ongoing in nature, at no cost to the residents and will be provided on-site at the Community Center.

Developer's Request

In response to the Housing Commission's Fiscal Year (FY) 22-02 Notice of Funding Availability (NOFA), CHW submitted an application for a loan and federal Project-Based Housing Vouchers (PBV) for the Navajo Family Apartments development. On January 21, 2022, Housing Commission staff provided a preliminary recommendation of award of a residual receipts loan up to \$3,379,200, and eight PBVs, which are not for permanent supportive housing for individuals experiencing homelessness, subject to Housing Commission Board approval, for the 44 -unit Navajo Family Apartments development.

CHW, proposes to construct 44 new affordable apartment units, with financing that would include the proposed Housing Commission loan, a 9 percent tax credit allocation and other necessary third-party financing as described in this report.

The Property

The 1.03-acre site is improved with a 3,495-square foot building occupied by a single-tenant restaurant. The operator of the restaurant, RB Navajo, LLC, owned the land before selling the land to CHW's affiliate, Navajo Road Development Holding Company, LLC.

Appraisal

An October 27, 2021, CBRE Valuation and Advisory Services Inc. conducted an as-is, fee simple appraisal of the subject site for CHW. The appraisal was obtained by the developer and valued the property at \$2,100,000. The developer will provide an updated appraisal to the Housing Commission a minimum of 90 days before final loan closing.

Prevailing Wages

The proposed development is not subject to payment of California State nor federal prevailing wages as the proposed use of federal HOME Investment Partnerships Program (HOME) funds is below the 12-unit federal threshold and will not require federal prevailing wages.

Project Sustainability

Navajo Family Apartments will be constructed in conformance with California Tax Credit Allocation Committee (CTCAC) minimum energy efficiency standards. The development's features will include Energy Star-rated efficient appliances. Water efficiency and conservation have been incorporated into the development's design, including low-flow fixtures and drought-resistant landscaping.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. If HOME Investment Partnerships Program funds are used to fund the development, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment.

Relocation

The developer plans to demolish the aforementioned existing on-site restaurant, and the business will be permanently relocated. As required under the Housing Commission's NOFA, the developer will engage a third-party relocation consultant to coordinate the need for a business relocation plan and to manage any necessary relocation process, pursuant to federal and California relocation law.

Development Team

The developer is CHW. The proposed borrower will be Navajo Road Housing Associates L.P., which will have CHW Navajo Road LLC as its General Partner and a to-be-determined tax credit investor limited partner (Attachment 3 – Organization Chart), both of which are affiliates of CHW. CHW is a nationally recognized, 34-year-old 501(c)(3) nonprofit organization. With 3,741 rental apartments in 43 communities statewide as of December 2021, CHW serves more than 10,000 children and adults annually. CHW is a 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, L.P. CHW has acted as the developer on previous affordable housing developments that utilized Housing Commission loans. CHW is in full compliance on its previous Housing Commission 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 Navajo Family Apartments development.

Supportive Services

The development's tenant supportive services provider will be CHW's Achieve Resident Services.

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developer	CHW
Owner/Borrower	Navajo Road Housing Associates L.P.
Managing General Partner	Navajo Road LLC
Tax Credit Investor Limited Partner	To be determined

Architect	Rodriquez Associates Architects & Planners
General Contractor	Sun Country Builders
Property Management	ConAm Management Corporation
Construction and Permanent Lender	To be determined
Tenant Services Provider	CHW's Achieve Resident Services

Property Management

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

FINANCING STRUCTURE

Navajo Family Apartments has an estimated total development cost of \$25,674,369 (\$570/542/unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 4 and summarized in Table 3 below.

Table 3 – The Navajo Family Apartments Estimated Sources and Uses of Financing

Financing Sources	Amount	Financing Uses	Amount	Per Unit
Conventional permanent loan	\$6,017,000	Acquisition: Land, title, and escrow	\$2,236,500	\$49,700
San Diego Housing Commission proposed loan	3,379,200	Construction 13,757,999 Contingency + <u>740,400</u> Total 14,498,399	14,498,399	322,187
Impact Fee waiver	143,200	Financing costs	2,118,517	47,078
General Partner contribution	100	Architect & Engineering	1,542,774	34,284
9% Tax Credit Equity	15,934,849	Other soft costs	890,354	19,786
Deferred developer's fee	200,000	Reserves	198,700	4,416
		Real Estate Tax & Insurance	339,575	7,546
		Soft costs contingency	375,003	8,333
		Legal	122,500	2,722
		City fees	1,152,047	25,601
		Developer's fee	2,200,000	48,889
Total Sources	\$25,674,349	Total Uses	\$25,674,369	\$570,542

The Housing Commission's proposed \$3,379,200 residual receipts loan will be partly funded with the City of San Diego Affordable Housing Fund and partly funded with U.S. Department of Housing and Urban

Development (HUD) HOME funds, which the Housing Commission administers. The total amount of Housing Commission funding sources shall not exceed \$3,379,200. A final determination of Housing Commission funding sources will be made by the Housing Commission's President & CEO, or designee, contingent upon budget availability. The proposed loan terms are summarized in Attachment 5.

The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission's loan.

Developer Fee

\$2,200,000 - gross developer fee
- 200,000 - minus deferred developer's fee
\$2,000,000 - net cash developer's fee

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 bond issuances. Attachment 1 to that report stated: "Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis...." For this development the developers are proposing a \$2,200,000 total developer fee, which complies with HAR17-011. The net cash developer fee shall be \$2,000,000 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer may defer additional developer fee. The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) 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. 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	$\$25,674,369 \div 45 \text{ units} =$	\$570,542
Housing Commission Subsidy Per Unit	$\$3,379,200 \div 45 \text{ units} =$	\$75,093
Acquisition Cost Per Unit	$\$2,236,500 \div 45 \text{ units} =$	\$49,700
Gross Building Square Foot Hard Cost	$\$14,498,399 \div 49,877 \text{ sq. ft.} =$	\$291
Net Rentable Square Foot Hard Cost	$\$14,498,399 \div 30,133 \text{ sq. ft.} =$	\$481

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 recent years are listed in Table 5.

Table 5 – Comparable Development Projects

Development	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost per Square Foot
Proposed Subject – Navajo Family Apartments	2022	45	\$25,674,369	\$570,542	\$75,093	\$291
Merge 56 Affordable	2021	47	\$29,249,078	\$622,321	\$0	\$254
East Block Family	2019	78	\$40,562,897	\$520,037	\$0	\$355
Keeler Court	2019	71	\$35,692,466	\$502,711	\$0	\$262
Ulric Street I	2019	96	\$46,427,114	\$483,616	\$72,917	\$264

AFFORDABLE HOUSING IMPACT**Project-Based Housing Vouchers (PBV)**

The Housing Commission has provided a preliminary award recommendation of eight PBVs for Navajo Family Apartments, which are for families with low income earning 30 percent to 60 percent of AMI. The vouchers are not for permanent supportive housing for families experiencing homelessness. The recommendation for these vouchers is contingent upon completion of a subsidy layering review, execution of an Agreement to Enter into Housing Assistance Payment and verification of services. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in Navajo Family Apartment's eight voucher-assisted units. The tenants will be selected from the Housing Commission's low-income PBV Wait List. Supportive Services will be provided by CHW's Achieve Resident Services.

Affordability

The Navajo Family Apartments will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to applicable tax credit agreements, which will restrict affordability of 44 of the 45 units for 55 years. The rent and occupancy restrictions required by the Housing Commission, CTCAC and other lenders and investors will apply. The same units may be counted as the tax credit restricted units and the Housing Commission loan's restricted units. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

Table 6 – Navajo Family Apartments Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
One-bedroom units	30% (currently \$31,250/year for a two-	3	\$732

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	person household)		
One-bedroom units	50% (currently \$52,050/year for a two- person household)	1	\$1,135
One-bedroom units	60%* (currently \$62,460/year for a two- person household)	17	\$1,220 & \$1,464
Subtotal one-bedroom units	--	21	--
Two-bedroom units	30% (currently \$35,150/year for a three- person household)	2	\$878
Two-bedroom units	50% (currently \$58,550/year for a three- person household)	1	\$1,349
Two-bedroom units	60%* (currently \$70,260/year for a three- person household)	8	\$1,463 & \$1,756
Subtotal two-bedroom units	--	11	--
Three-bedroom units	30% (currently \$39,050/year for a four- person household)	3	\$1,015
Three-bedroom units	60%* (currently \$78,060/year for a four-	9	\$1,691 & \$2,030

	person household)		
Subtotal three-bedroom units	--	12	--
Subtotal residential units	--	44	--
Manager's one-bedroom unit	60%	1	--
Total Units	--	45	--

*Developer has chosen to charge lower rents for select units for the CTCAC application.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2022 Housing Commission Budget.

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

- Housing Commission loan funds (HOME and AHF) – up to \$3,379,200
- Total Funding Sources – up to \$3,379,200

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

- Loans – up to \$3,379,200
- Total Funding Uses – up to \$3,379,200

Approving this action will further grant the President & CEO, or designee, the authority to substitute the above funding sources with other available funding sources so long as the total Housing Commission loan amount does not exceed the approved total loan amount, should the operational need arise or should such actions be to the benefit of the Housing Commission.

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
CTCAC application due date	June 30, 2022
CTCAC allocation meeting	September 2022
Estimated escrow/loan closing	November 2022
Estimated start of construction work	November 2022
Estimated completion of construction work	December 2023

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

Community Housing Works is committed to equity and inclusion as both an employer and a service provider. The Housing Commission included a requirement in the NOFA for prospective applicants to include a narrative and specific examples of activities and initiatives that support equity assurance. Community Housing Works demonstrates a commitment to advancing racial equity and inclusion through project design and operational policies, throughout the proposed project timeline.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On October 14, 2020, CHW presented the proposed development as an action item to the Navajo Community Planners Group. The community-planning group approved the motion supporting the project on a vote of 12-0.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include CHW as the developer and the San Carlos neighborhood. The development is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 44 new, affordable, rental homes for San Diego families.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15300.1, Relation to Ministerial Projects. Section 21080 of the Public Resources Code exempts from the application of CEQA those projects over which public agencies exercise only ministerial authority. The City of San Diego Development Services Department has provided the developer with verification of zoning & land use entitlements indicating the building permit's ministerial approval.

National Environmental Policy Act

Federal funds will constitute a portion of the funding for the project. A final reservation of federal funds shall occur only upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA).

Respectfully submitted,



Colin Miller
Senior Vice President, Housing Finance
and Property Management
Real Estate Division

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Development Summary
2) Site Map
3) Organization Chart
4) Developer's Project Pro forma
5) Proposed Loan Terms
6) Developer's Disclosure Statements

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 – Development Details

Address	7005 Navajo Road, San Diego, CA 92119
Council District	Council District 7
Community Plan Area	Navajo
Developer	Community Housing Works (CHW)
Development Type	Acquisition and New Construction
Construction Type	Type V, 4-story building
Parking Type	58 parking spaces
Transit Information	Bus service Route 115 is available at approximately one half mile on Navajo Road & Jackson
Housing Type	Affordable Family
Lot Size	1.03 Acres
Units	45 (44 affordable plus one unrestricted manager's unit)
Density	43.69 units/acre (45 units ÷ 1.03 acres)
Unit Mix	21 one-bedroom, 11 two-bedroom, 12 three-bedroom, and 1 two-bedroom manager's unit
Gross Building Area	49,877 square feet
Net Rentable Area	30,133 square feet

Table 2 - Development Team Summary

<u>ROLE</u>	<u>FIRM/CONTACT</u>
Developer	CHW
Owner/Borrower	Navajo Road Housing Associates, L.P.
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Property Management	ConAm Management Corporation
Construction and Permanent Lender	To be determined
Tenant Services Provider	CHW's Achieve Resident Services

Table 3 – The Navajo Family Apartments Estimated Sources and Uses of Financing

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General Partner contribution	100	Architect & Engineering	1,542,774	34,284
9% Tax Credit Equity	15,934,849	Other soft costs	890,354	19,786
Deferred developer's fee	200,000	Reserves	198,700	4,416
		Real Estate Tax & Insurance	339,575	7,546
		Soft costs contingency	375,003	8,333
		Legal	122,500	2,722
		City fees	1,152,047	25,601
		Developer's fee	2,200,000	48,889
Total Sources	\$25,674,349	Total Uses	\$25,674,369	\$570,542

Table 4 – Key Performance Indicators

Development Cost Per Unit	$\$25,674,369 \div 45 \text{ units} =$	\$570,542
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Keeler Court	2019	71	\$35,692,466	\$502,711	\$0	\$262
Ulric Street I	2019	96	\$46,427,114	\$483,616	\$72,917	\$264

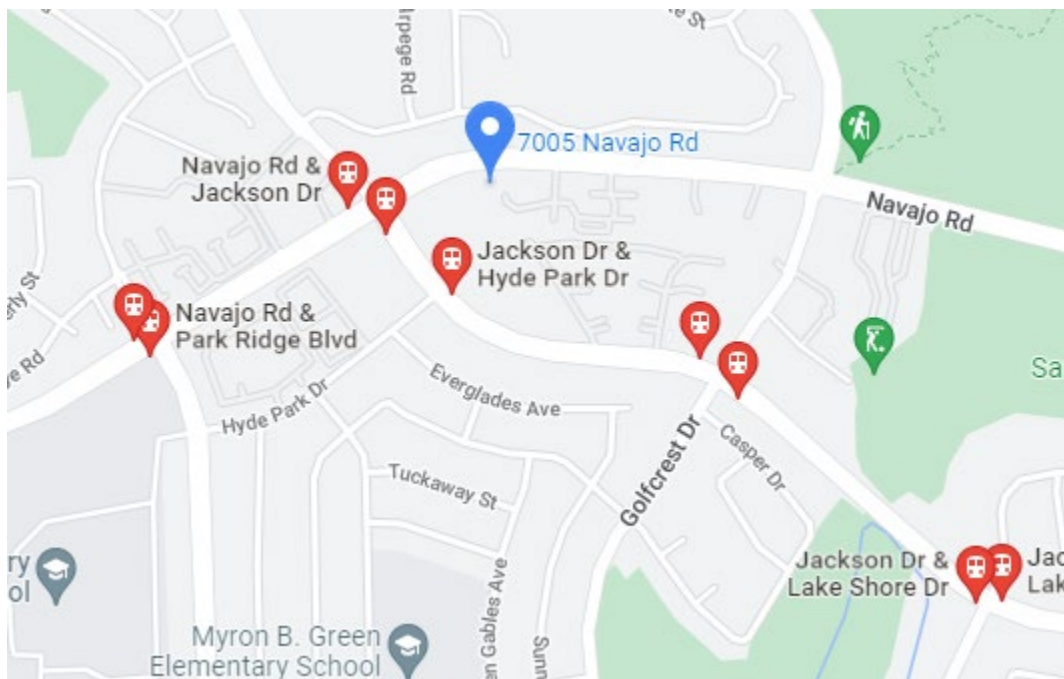
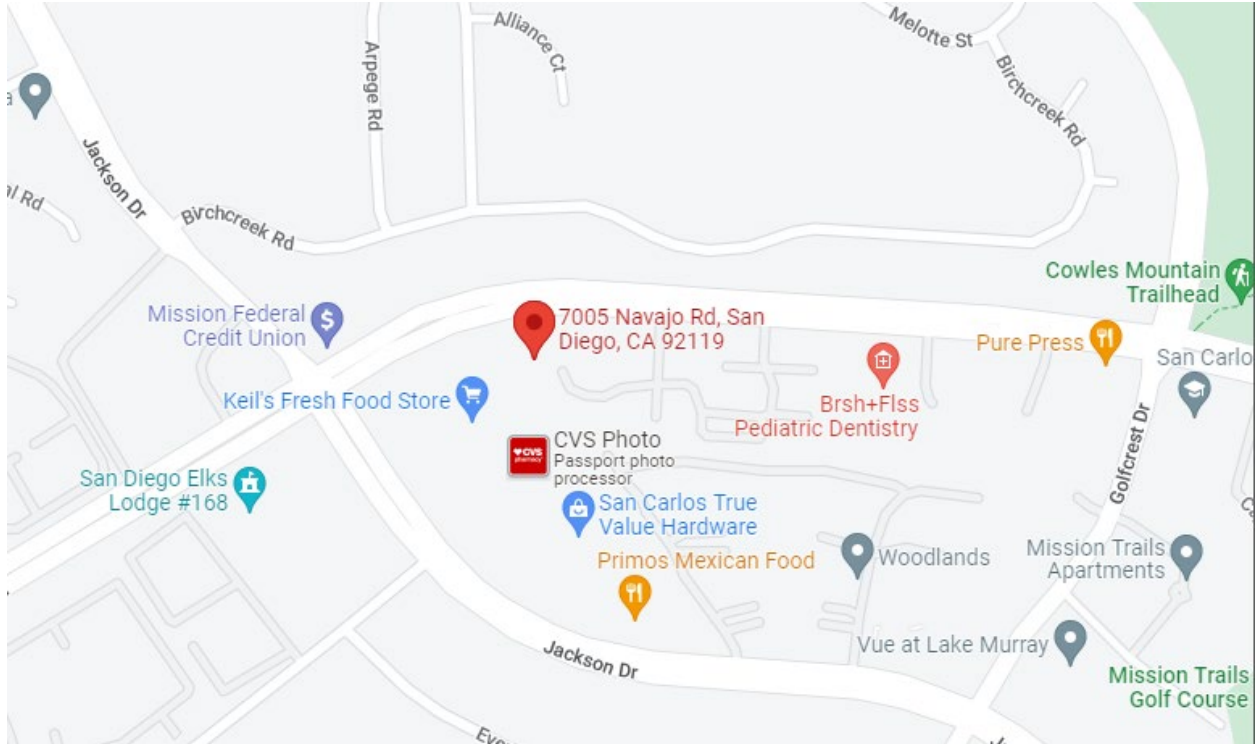
Table 6 – Navajo Family Apartments Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Number of Units	Gross Rents
One-bedroom units	30%	3	\$732
One-bedroom units	50%	1	\$1,135
One-bedroom units	60%*	17	\$1220 & \$1464
Subtotal one-bedroom units	--	21	--
Two-bedroom units	30%	2	\$878
Two-bedroom units	50%	1	\$1,349
Two-bedroom units	60%*	8	\$1,463 & \$1,756
Subtotal two-bedroom units	--	11	--
Three-bedroom units	30%	3	\$1,015
Three-bedroom units	60%*	9	\$1,691 & \$2,030
Subtotal three-bedroom units	--	12	--
Subtotal residential units	--	44	--
Manager's one-bedroom unit	60%	1	--
Total Units	--	45	--

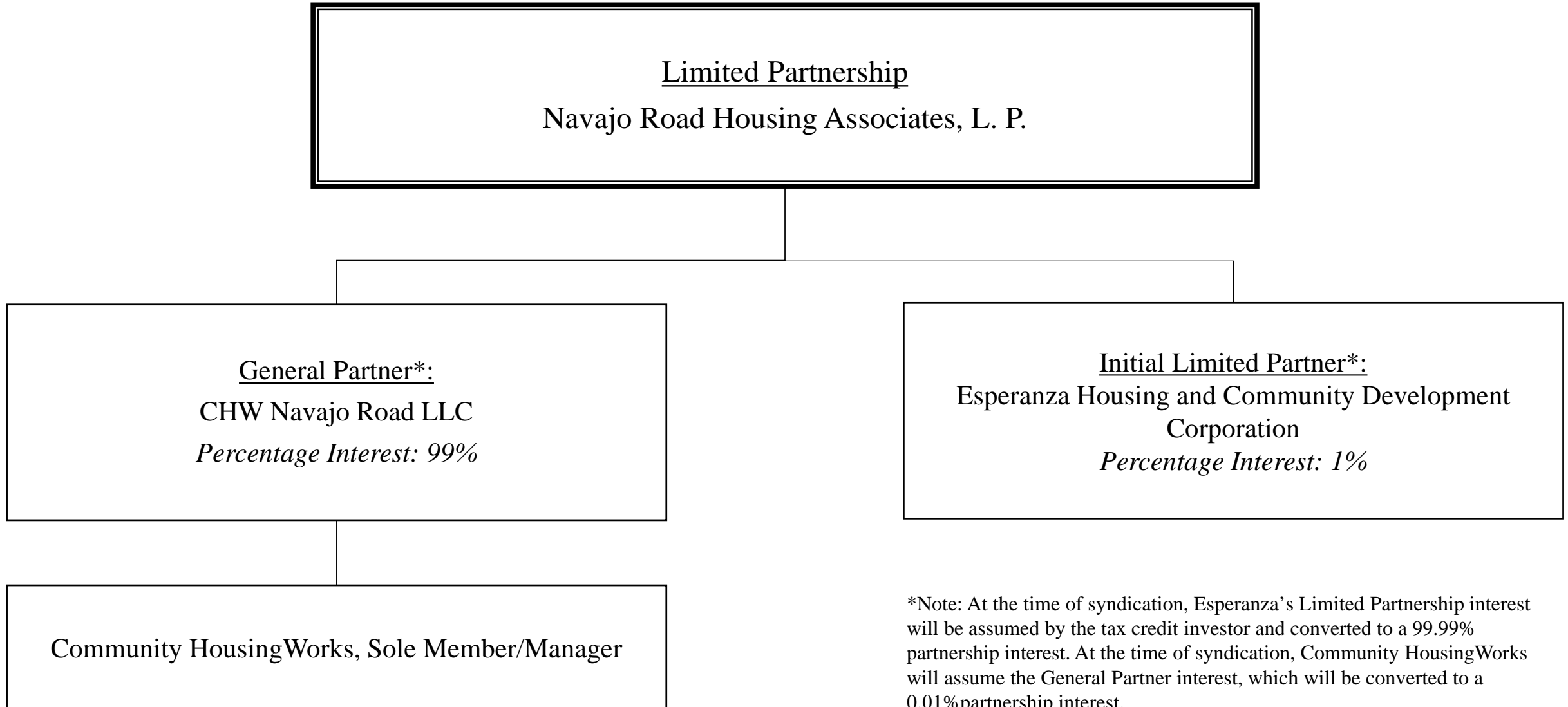
*Developer has chosen to charge lower rents for select units to for TCAC application

Attachment 2

Site Map



ATTACHMENT 3 - Navajo Family Apartments – Organization Chart



Navajo Family Housing

Prepared For:	Community HousingWorks
Prepared By:	California Housing Partnership Corporation
Version:	v8.0 TCAC 9%
Revised:	5/26/2022
Filename:	Navajo Family - v8.1 9%.xlsm

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SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS
Conventional Perm Loan	6,017,000	6.360%		35.0	Total Permanent Debt: 6,017,000
SDHC	3,379,200	4.000%	2.223%	55.0	Term - 17 (yrs.)- US Bank CIP - 2.750% Spread - 236 bps
Impact Fee Waiver	143,220				Per Unit: 75,093
Deferred Developer Fee	200,000				
Capital Contributions					
General Partner (Developer Fee)	0				Capitalized Fee 2,000,000
GP Capital - Partnership Contribution	100				Synd Costs 180,000
Limited Partners	15,934,849				Fed LIHTC: \$0.90
TOTAL SOURCES	25,674,369				25,494,369
Surplus/(Shortfall)	(0)				

PERMANENT LOAN INTEREST RATE	TRANCHE A	INVESTOR EQUITY STACK	OTHER ASSUMPTIONS
Base Rate	5.110%		
Cushion	1.250%	LIHTC Equity (Federal+St	Current AFR: 2.15%
MIP	0.000%	Historic Tax Credit	AFR Month: 2/1/20
GNMA/Servicing	0.000%	Investment Tax Credit (Sol	AFR Cushion: 0.00%
Issuer	0.000%	Subtotal LP Equity	Total U/W AFR: 2.15%
Trustee	0.000%		
Rating	0.000%	CA Certified Credit Sale	
Remarketing	0.000%	Total Investor Equity	
Rebate Analyst	0.000%		
Total	6.360%		

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS
Construction Loan	22,737,744	4.650%	24	
Impact Fee Waiver	143,220			
Costs Deferred Until Conversion	999,821			See page 2 - right column
Deferred Developer Fee	200,000			
Capital Contributions				
General Partner (Developer Fee)	0			
GP Capital - Partnership Contribution	100			
Limited Partners*	1,593,485			Net Equity for TCAC 1,413,485
TOTAL SOURCES	25,674,369			Less Costs Deferred to Conve 24,080,885
Surplus/(Shortfall)	0			
Sources Less Deferred To Conversion:	24,674,549			

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: LIBOR	Restricted NOI 511,828	50% Test (see Page 7): N/A
Current Index: 1.00%	OAR 5.00%	Issuer Inducement: TBD
Spread: 2.40%	FMV per NOI 10,236,552	CDLAC Allocation: TBD
Base Interest Rate (not including cushi	Agg. Credit Value @ 0.90 15,934,849	Percent of CDLAC Allocatior 0.00%
Cushion - Total 1.25%	Perm-Only Soft Debt 3,379,200	Const-only portion: 16,720,744
Interest Rate (All-In) 4.65%	Total Value 29,550,601	
	LTV: 85.00%	CDLAC Limit N/A
	Max. Const. Loan Amount 25,118,011	
	Commitment Amount TBD	

Navajo Family Housing

TCAC Cash Flow Test - <i>Informational only</i>																Version: v8.0 TCAC 9%
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	\$681,600	\$698,640	\$716,106	\$734,009	\$752,359	\$771,168	\$790,447	\$810,208	\$830,463	\$851,225	\$872,506	\$894,318	\$916,676	\$939,593	\$963,083
Less Vacancy	5.00%	-34,080	-34,932	-35,805	-36,700	-37,618	-38,558	-39,522	-40,510	-41,523	-42,561	-43,625	-44,716	-45,834	-46,980	-48,154
Rental Subsidy	1.025	161,688	\$165,730	\$169,873	\$174,120	\$178,473	\$182,935	\$187,509	\$192,196	\$197,001	\$201,926	\$206,974	\$212,149	\$217,452	\$222,889	\$228,461
Less Vacancy	5.00%	-8,084	-8,287	-8,494	-8,706	-8,924	-9,147	-9,375	-9,610	-9,850	-10,096	-10,349	-10,607	-10,873	-11,144	-11,423
Miscellaneous Income	1.025	4,320	\$4,428	\$4,539	\$4,652	\$4,768	\$4,888	\$5,010	\$5,135	\$5,264	\$5,395	\$5,530	\$5,668	\$5,810	\$5,955	\$6,104
Less Vacancy	5.00%	-216	-221	-227	-233	-238	-244	-250	-257	-263	-270	-276	-283	-290	-298	-305
Total Revenue		\$805,228	\$825,358	\$845,992	\$867,142	\$888,821	\$911,041	\$933,817	\$957,163	\$981,092	\$1,005,619	\$1,030,759	\$1,056,528	\$1,082,942	\$1,110,015	\$1,137,766
EXPENSES																
Operating Expenses:	1.035															
Administrative		\$15,740	\$16,291	\$16,861	\$17,451	\$18,062	\$18,694	\$19,348	\$20,026	\$20,727	\$21,452	\$22,203	\$22,980	\$23,784	\$24,617	\$25,478
Management		29,700	\$30,740	\$31,815	\$32,929	\$34,081	\$35,274	\$36,509	\$37,787	\$39,109	\$40,478	\$41,895	\$43,361	\$44,879	\$46,449	\$48,075
Utilities		32,000	\$33,120	\$34,279	\$35,479	\$36,721	\$38,006	\$39,336	\$40,713	\$42,138	\$43,613	\$45,139	\$46,719	\$48,354	\$50,047	\$51,798
Payroll & Payroll Taxes		85,877	\$88,883	\$91,994	\$95,213	\$98,546	\$101,995	\$105,565	\$109,260	\$113,084	\$117,042	\$121,138	\$125,378	\$129,766	\$134,308	\$139,009
Insurance		14,100	\$14,594	\$15,104	\$15,633	\$16,180	\$16,746	\$17,333	\$17,939	\$18,567	\$19,217	\$19,889	\$20,586	\$21,306	\$22,052	\$22,824
Maintenance		65,753	\$68,054	\$70,436	\$72,902	\$75,453	\$78,094	\$80,827	\$83,656	\$86,584	\$89,615	\$92,751	\$95,997	\$99,357	\$102,835	\$106,434
Other Operating Expenses (specify):		6,730	\$6,966	\$7,209	\$7,462	\$7,723	\$7,993	\$8,273	\$8,562	\$8,862	\$9,172	\$9,493	\$9,826	\$10,169	\$10,525	\$10,894
Total Operating Expenses		\$249,900	\$258,647	\$267,699	\$277,069	\$286,766	\$296,803	\$307,191	\$317,943	\$329,071	\$340,588	\$352,509	\$364,846	\$377,616	\$390,833	\$404,512
Tenant Internet Expense*	1.035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Amenities	1.035	27,000	27,945	28,923	29,935	30,983	32,068	33,190	34,352	35,554	36,798	38,086	39,419	40,799	42,227	43,705
Replacement Reserve		13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Real Estate Taxes	1.020	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657	3,730	3,805	3,881	3,958
Other (Specify):	1.035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other - Monitoring Fee:	1.000	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
Total Expenses		\$300,000	\$309,752	\$319,843	\$330,288	\$341,096	\$352,283	\$363,859	\$375,840	\$388,239	\$401,072	\$414,352	\$428,096	\$442,320	\$457,040	\$472,275
Cash Flow Prior to Debt Service		\$505,228	\$515,607	\$526,149	\$536,854	\$547,724	\$558,759	\$569,958	\$581,322	\$592,852	\$604,547	\$616,408	\$628,433	\$640,622	\$652,975	\$665,491
MUST PAY DEBT SERVICE																
Mandatory Annual SDHC Payment		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL SERIES A DEBT SERVICE		429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302	429,302
Total Debt Service		\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302	\$439,302
Cash Flow After Debt Service		\$65,926	\$76,305	\$86,847	\$97,552	\$108,422	\$119,457	\$130,656	\$142,020	\$153,550	\$165,245	\$177,106	\$189,131	\$201,320	\$213,673	\$226,189
Percent of Gross Revenue		7.78%	8.78%	9.75%	10.69%	11.59%	12.46%	13.29%	14.10%	14.87%	15.61%	16.32%	17.01%	17.66%	18.29%	18.89%
25% Debt Service Test		15.01%	17.37%	19.77%	22.21%	24.68%	27.19%	29.74%	32.33%	34.95%	37.62%	40.32%	43.05%	45.83%	48.64%	51.49%
Debt Coverage Ratio		1.150	1.174	1.198	1.222	1.247	1.272	1.297	1.323	1.350	1.376	1.403	1.431	1.458	1.486	1.515

ATTACHMENT 5
PROPOSED LOAN NON-BINDING COMMITMENT TERMS
SUMMARY

Navajo Apartments (Project)
 7005 Navajo Road
 June 2, 2022

The San Diego Housing Commission (“Housing Commission”) is pleased to submit this non-binding commitment terms summary. This commitment terms summary is not a binding contract and is subject to the approval by the San Diego Housing Commission Board of Commissioners (“Board of Commissioners”) and, if necessary, the Housing Authority of the City of San Diego. The purpose of this commitment terms summary is to set forth the general terms and conditions under which the Housing Commission is interested in making a loan (“Housing Commission Loan”) to Navajo Road Housing Associates, L.P., a California limited partnership (“Borrower”) with respect to the proposed new construction and permanent financing of a 45-unit development (with 44 affordable units and one unrestricted manager’s unit) to be located at 7005 Navajo Road, San Diego, CA 92119. Closing must occur within twenty-four (24) months from receipt of NOFA award letter, unless an extension is granted by the President & CEO of the Housing Commission (or by his designee) in his sole discretion.

In the event of a conflict between any term or provision (or absence of any term or provision) of this commitment terms summary and any term or provision of any approval of any applicable board or governing body, the term or provision of such board or governing body shall apply. Provided the Housing Commission Loan is approved by the Board of Commissioners, and if necessary by Housing Authority of the City of San Diego, the following terms shall apply to the Housing Commission loan. In addition, Exhibit A includes the Borrower’s pro forma which models financial projections of the Project.

The terms of the Housing Commission’s proposed financing shall be as follows:

1. **Maximum loan amount (not to exceed)** - Up to \$3,379,200 as a residual receipts loan. Loan funds shall be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate-** 4 percent simple interest.
3. **Loan Term** - The loan will be due, and payable in full, in 55 years from completion of the Project.
4. **Loan Payments** - Annual payments on the loan shall equal 50 percent of the Project’s residual cash. In addition to the 50 percent residual cash payment the Borrower shall also pay a fixed \$10,000 annual payment to the Housing Commission. Provided, however, if the Housing Commission approves other lenders whose loans will be paid from residual receipts, then the Housing Commission and such other approved lenders shall share the 50% percent of the project’s residual receipts, in proportion to the original principal balances of their respective loans. The following items, in addition to other operating expenses, shall be payable by the Borrower prior to the calculation of residual receipts:

- (i) The year 1 “Limited Partnership Fees” shall be capped at \$25,000 the first year and shall not increase more than 3.0% annually. “Limited Partnership Fees” shall be defined to include any and all partnership-related fees including but not limited to: Investor Partnership fees, Asset Management fees, Other Limited Partnership oversight fees, and General Partner Fees. Partnership fee increases will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue and the Housing Commission will require the Limited Partnership Agreement to explicitly state that requirement.
- (ii) Eligible deferred developer fee, and
- (iii) Repayment of eligible development deficit and operating deficit loans.

5. Affordability-

- a. Restricted units must remain affordable for 55 years. At escrow closing the Borrower and the Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years, to be recorded against the Project. Such CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.
- b. The affordability shall be as follows:

Unit Type	AMI	Number of Units
One-bedroom units	30%	3
One-bedroom units	50%	1
One-bedroom units	60%	17
Subtotal one-bedroom units	--	21
Two-bedroom units	30%	2
Two-bedroom units	50%	1
Two-bedroom units	60%	8
Subtotal two-bedroom units	--	11
Three-bedroom units	30%	3
Three-bedroom units	60%	9
Subtotal three-bedroom units	--	12
Subtotal residential units	--	44
Manager’s one-bedroom unit	60%	1
Total Units	--	45

- 6. **Purchase Option** – The developer has received additional points in the Notice of Funding Availability application for committing to provide the Housing Commission with the option to purchase the property at the end of the 15-year tax-credit compliance period. The term of this option shall be three years.
- 7. **Alternate Funding-** Borrower shall also seek alternative funding, including but not limited to: an allocation of 9 percent or 4 percent tax-credits, tax-exempt and/or taxable Multifamily Housing Revenue Bonds, loan funds from the State of California Department of Housing and Community Development Multifamily Housing Program, along with any other necessary funding. Housing Commission legal counsel will determine if subsequent approvals for alternative financing structures are required by the

San Diego Housing Commission Board of Commissioners and the Housing Authority of the City of San Diego.

8. **Site Value** – Navajo Road Housing Associates, L.P. has site control of the property via a Purchase and Sale Agreement (PSA) with the current owner, Navajo Road Development Holding Company, LLC, who purchased the land in September of 2021. In the event that the developer, Navajo Road Housing Associates, L.P., or its affiliate, acquires the land prior to Housing Commission loan closing, 100% of any net sales proceeds resulting from a subsequent sale to the tax credit limited partnership shall be structured as a Seller Carryback Loan. Borrower shall submit an updated appraisal report with an effective date with 90 days prior to closing. The Borrower's purchaser price for the property shall not exceed the appraised value. In lieu of providing the updated appraisal: 1) the developer must submit the third-party lender's Letter of Intent for the Housing Commission's review and approval, and 2) the Borrower's financing must not have a seller carryback loan.
9. **Closing Costs** - The Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an American Land Title Association (ALTA) Lenders Policy for the Housing Commission Loan with endorsements acceptable to the Housing Commission's legal counsel.
10. **Construction Costs Third-Party Review** - Prior to Housing Commission Loan approval a costs review will be obtained by the Housing Commission with a third-party consultant. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
11. **Contractor** – Sun Country Builders is the proposed General Contractor. The General Contractor shall competitively bid the construction work of the Project to at least three qualified and responsive subcontractors for each major trade involved in the construction of the Project. Contracts shall be awarded to the lowest qualified and responsive bidder.
 - a. Construction Agreement - Borrower shall submit the proposed Construction Agreement to the Housing Commission for its review and prior approval. The Housing Commission shall have a minimum of two weeks for its review of the proposed Construction agreement.
 - b. Subcontractors - the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each major trade involved in the construction of the project. The Borrower and General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.
 - c. Change orders at or in excess of \$50,000 shall have Housing Commission prior written approval. For proposed change orders over \$50,000, the Borrower and General Contractor shall submit to the Housing Commission a detailed explanation of why the change order work is necessary, why the issue was not included in the original scope of work, and why the change is not being charged against the General Contractor's contingency.
 - d. Agreement Changes - the Construction Agreement with a Guaranteed Maximum Price (GMP) may not be revised to a Lump Sum or other form of Construction Agreement without the prior written approval of the Housing Commission.

- e. Insurance - prior to close of escrow, evidence of the General Contractor's insurance acceptable to the Housing Commission's legal counsel shall be provided. The Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego, shall be named as additional insureds on the General Contractor's insurance policies.

12. **Tax Credit Equity-** Borrower will provide the Letter Of Intent with equity pricing from the low-income housing tax credit (LIHTC) investor within 90 days of closing.

13. **First Mortgage-** Borrower will provide the term sheet from the first mortgage provider that was used at time of application as well as an update within 90 days of closing.

14. **Cost Certification -** The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval before the cost certification is completed/finalized.

15. **Cost Savings and/or Additional Proceeds at Escrow Closing-** In the event that the Borrower obtains funds in excess of those shown as sources in the Proforma attached hereto as Exhibit A, then upon the construction loan closing, the excess funds shall be used as follows:

- a. First, such excess funds shall be used to fund development cost overruns reasonably approved by the Housing Commission.
- b. Second, upon Construction Loan Closing and subject to lender and investor approval, any excess funds shall be used to pay the Housing Commission Loan as set forth in Section 16 below.
- c. Other Public Lenders - If the Project financing includes other public lenders who may require cost savings sharing then the cost savings shall be split proportionately based upon the public lenders loan amounts and in conformance with the other public lenders' agreements.
- d. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

16. **Cost Savings and/or Additional Proceeds at Conversion to Permanent Financing-** In the event that the Borrower obtains funds in excess of those shown as sources in the Proforma attached hereto as Exhibit A (including but not limited to cost savings, improved debt, improved tax credit equity pricing, deferred developer fee if any, and any othersources), then upon conversion to permanent financing, the excess funds shall be used as follows :

- a. First, to pay for development cost overruns reasonably approved by the Housing Commission.
- b. Second, used to make any necessary adjustment to the total tax credit allocation as may be required by CTCAC.
- c. Third, payment of the deferred developer fee. A deferred developer fee is currently modeled in the attached Proforma (Attachment A).
- d. Fourth, cost savings shall be shared fifty percent (50%) to the Borrower and the other fifty percent (50%) will be paid to the Housing Commission and other soft

lenders in proportion to the original principal balance of their loans.

- e. Excess funds will be applied first to pay down the accrued interest, and the remaining amount shall pay down the principal.

17. Developer Fee-

- a. The Maximum Gross Developer's Fee shall be \$2,200,000:
 - 1. \$200,000 of the Developer Fee shall be deferred.
 - 2. The Maximum Net Cash Developer Fee of \$2,000,000 to be paid from Development Sources.
- b. Additional developer fee provisions:
 - 1. If for any reason the Borrower does not collect all of the \$2,200,000 Maximum Net Cash Developer Fee through the last equity installment, with the exception of negative tax credit adjusters, then the uncollected portion of the Maximum Net Cash Developer Fee (up to \$2,200,000), must comply with the following:
 - a. Borrower must receive Housing Commission prior written approval of any amount of additional Deferred Developer Fee;
 - b. Any Housing Commission-approved additional Deferred Developer Fee amount must be calculated per TCAC and SDHC guidelines
 - c. Housing Commission-approved Deferred Developer Fee shall be given priority over Housing Commission residual receipt payments.
 - 2. The Deferred Developer Fee shall be repaid during the 15-year tax credit compliance period. Amounts outstanding after the expiration of the 15-year tax credit compliance period shall be contributed to the Project in the form of a capital contribution.
- c. Developer fee payments shall be paid out incrementally. Because this is a tax credit project, the developer fee payments shall be in accordance with lender and investor requirements.

- 18. **Due Diligence** - The Borrower, at Borrower's expense, shall provide the following: a current appraisal, an environmental review and a lead paint and asbestos review.

- 19. **Environmental Requirements** - Currently HOME funds are planned for this project. Notwithstanding any provision of this commitment terms summary, the parties agree and acknowledge that this commitment terms summary constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). HOME funds constitute a portion of the funding for the Project and a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a Release Of Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that the provision of any HOME funds to the Project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the Project based on the results of subsequent environmental review under NEPA. By execution of this commitment terms summary, you acknowledge no legal claim to any amount of HOME funds to be used for the Project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this Project.

20. **Fees/Payments to Housing Commission** - Borrower will pay to the Housing Commission:
- a) **Underwriting Fee** - a flat underwriting fee in the amount of **\$60,000** will be charged as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This must be included in the total development cost of the Project and is to be paid at close of escrow.
 - b) **Legal Fee**- the Housing Commission charges a legal costs fee for document preparation and review that must be included in the total development cost. Current Housing Commission legal fees are **\$25,000**, and are to be paid at the close of escrow.
 - c) **Compliance Affordability Monitoring Fee** - compliance monitoring fees must be incorporated into the operating proforma. Borrower will pay the fee in accordance with the then-existing Housing Commission fee schedule. Current annual affordability monitoring are as follows: \$150 X 44 (Project units to be affordability monitored) = **\$6,600** per year. Additional training and assistance is currently at \$100 per hour.
 - d) **Asset Management Fee**- the Housing Commission charges a 15-year capitalized asset management fee of **\$15,000** and is paid at close of escrow.
 - e) **Environmental Noticing Fee**- publishing/filing costs are to be paid at close of escrow.
21. **Fees for Asset Management** (amounts not to exceed)-
- a. As detailed in paragraph 4 (above), the year 1 “Limited Partnership Fees” shall be capped at \$25,000 the first year and shall not increase more than 3.0% annually. “Limited Partnership Fees” include asset management fees (21(c)) related to the investor’s and general partner’s management of the Project.
 - b. Unpaid General Partner fees shall not accrue. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.
 - c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission’s President and CEO or his designee.
22. **Financing: Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, with its equity, its developer fee, and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld. No additional Housing Commission funds beyond \$3,379,200 will be provided for this project in any Housing Commission future Notices of Funds Availability.
23. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. In the event that the Housing Commission ultimately determines to fund (all or any part) of the Housing Commission Loan using any HOME funds, then Borrower should be familiar with the HOME program’s rules and regulations, Federal Davis Bacon law and Section 3.
24. **HOME Investment Partnerships (HOME) Funds** -
- HOME funds may be utilized for this project. In the event that HOME funds are utilized, it is estimated that the Project will have up to 11 HOME restricted units, including three units at Low HOME rents.

- a. HOME program regulations will be applicable.
 - b. HOME funds may not be used to fund any of the following:
 - i) Any reserves are not eligible for HOME funds (including but not limited to operating reserves).
 - ii) Offsite improvements are not eligible for funding with HOME funds.
 - iii) Furnishings costs are not eligible for funding with HOME funds.
 - iv) Commercial space improvements are not eligible for funding with HOME funds.
 - c. The HOME IDIS funding system requires at least one HOME draw in a 12 month period and at least a portion of the HOME funds must remain in the IDIS system until the project is ready for occupancy.
25. **Insurance** - Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance (fire and extended coverage), workers compensation, builder's completed value risk insurance against "all risks of physical loss" (during construction) and, if required by the Housing Commission, flood and earthquake insurance, in forms acceptable to the Housing Commission and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as additional insureds: for General Liability Insurance, for Property Insurance, and in the General Contractor's Insurance policy. The San Diego Housing Commission shall be endorsed as a loss payee of the insurance policies. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.
26. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$3,379,200**) will be disbursed as follows:
- Up to 75 percent (**\$2,534,400**) at escrow closing.
 - Up to 10 percent (**\$337,920**) at 50 percent construction completion,
 - Up to 10 percent (**\$337,920**) shall be withheld until the issuance of a Certificate of Occupancy and all unconditional lien releases are forwarded to the Housing Commission.
 - Up to 5 percent (**\$168,960**) upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or his designee, is authorized to modify the Housing Commission loan disbursement schedule in his or her sole reasonable discretion.
 - b. In the event that the Housing Commission ultimately determines to fund (all or any part) of the Housing Commission Loan using any HOME funds, then a portion of the HOME program funds must be withheld until final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.
 - c. Loan proceeds shall be disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.
27. **Management of the Development** -
- a. **Management Plan** - Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall

be subject to initial and periodic approval by the Housing Commission, at its reasonable discretion.

- b. **Approval of Management Fee** - The Borrower's proposed property manager's fee must be approved by the Housing Commission.
- c. The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the Project.
- d. **Manager's Units** -Experienced on-site management is required. There shall be one manager's unit.
- e. **Marketing Plan** – In the event the Housing Commission ultimately determines to fund (all or part) of the Housing Commission Loan using any HOME funds, then in compliance with HOME regulations and federal fair housing requirements, prior to occupancy the Borrower shall submit a proposed marketing plan for review and approval by the Housing Commission's Civil Rights Analyst in the Procurement and Compliance Division.

28. **Maximum Resident Service Expenses & Case Management**- For the calculation of Housing Commission's residual receipts the attached Proforma's operating expense budget models an annual \$27,000 Resident Services expenditure (with a 3 1/2 percent annual escalator). Increasing this amount will require prior Housing Commission written approval.

29. **Annual Budget Submittal** – no less than three months prior to the end of each calendar year, the borrower shall submit an annual budget for Housing Commission review and prior approval.

30. **Project Based Vouchers** – The Housing Commission's Notice of Funds Available Applications Evaluation Selection Committee has provided a preliminary award recommendation for eight (8) federal Project Based Vouchers (PBV) from the Housing Commission. The population served by these PBVs shall be low income families, at 30-60 percent AMI. Tenants will be selected from the Housing Commission's Project Based Voucher Waiting List.

31. **Prevailing Wage**- It is anticipated that the Project will not be subject to Federal Davis-Baconprevailing wage rates because the anticipated 11 HOME program restricted units do not exceed the 12 HOME unit federal threshold for the application of Davis-Bacon.

32. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.

33. **Reserves**: Replacement reserves and operating reserves must be consistent with lender and equity investor requirements. The Housing Commission reserves the right to require higher operating or replacement reserves.

- a. **Operating Reserve** - The attached proforma models a three month operating reserve of **\$182,987** at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission's Loan.
- b. **Replacement Reserve**: The attached proforma models a capitalized replacement reserve of \$13,500. Annual deposits of \$300 per unit will be required.
- c. Disbursements from Reserves: Housing Commission prior written approval shall be required prior to any and all disbursements from either the operating reserve or the replacement reserve.

34. **Section 3-** In the event that the Housing Commission ultimately determines to fund (all or part) of the Housing Commission Loan using any HOME funds, then Section 3 of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and shall remain in compliance with, all Section 3 requirements.
35. **Security** -The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R) and a Deed of Trust, which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission's CC&R and Deed of Trust shall be subordinated to:
- a) The deed of trust and security instruments securing the construction and permanent loan.
 - b) **Lien position** - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
 - c) **Cure Rights** - The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
36. **Tenant Service Delivery Plan** - Borrower shall submit a draft tenant service delivery plan 90-days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing Commission comment prior to occupancy of the first tenant. A final tenant service deliver plan shall be subject to the approval of the Housing Commission in its reasonable discretion and will not be unreasonably withheld prior to project lease up.
37. **Miscellaneous Additional Conditions** - The Housing Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Housing Commission and fulfill the intent of this letter.

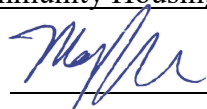
If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this letter of intent and return it to the undersigned by **June 3, 2022**, so that this letter of intent may be attached to the Housing Commission Board report.

The Remainder of this page intentionally left blank

ACKNOWLEDGED AND AGREED TO BY:

Navajo Road Housing Associates, L.P.
Community Housing Works

By: _____

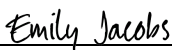


Print Name: Mary Jane Jagodzinski

Title: Senior Vice President

San Diego Housing Commission

By: _____

DocuSigned by:

73FCC317B0464E3...

Print Name: Emily Jacobs

Title: EVP

Loan Terms Attachment: Exhibit A – Developer’s Pro forma Dated February 10, 2022



SAN DIEGO
HOUSING
COMMISSION

ATTACHMENT 6 DEVELOPER'S DISCLOSURE STATEMENT

**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 N. 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 ROSTER
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:	<i>PLEASE SEE ATTACHED BOARD ROSTER</i>
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:	<i>NO, NOT APPLICABLE</i>
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 2019 AND 2020.
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: \$

- b. By loans from affiliated or associated corporations or firms:

Name:
Address:
Amount: \$

- c. 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:	<i>PLEASE SEE ATTACHED BANK REFERENCE LIST</i>
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:

N/A

- c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: *N/A*

General description of such work:

N/A

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	<i>NOT APPLICABLE</i>	
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: *NOT APPLICABLE*

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder: *NOT APPLICABLE*

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 REFER 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

24. 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:

NOT APPLICABLE

25. 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 (attached)	B2004013671	01/01/2021	CURRENT	NO

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 (CHW) HAS A PROUD HISTORY OF SUCCESSFUL CONTRACT ADMINISTRATION THAT WILL ASSURE ITS SUCCESSFUL COMPLETION OF THIS PROJECT. CHW HAS DEVELOPED AND CURRENTLY OWNS AND OPERATES 6 AFFORDABLE HOUSING PROJECTS IN THE CITY OF SAN DIEGO AND HAS MET THEIR LOAN OBLIGATIONS WITHIN EACH PROPERTY.

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
ROBERT HENDERSON	SEE ATTACHED RESUME

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 27 day of October, 20 21, at San Diego, California.

CONTRACTOR

By: 

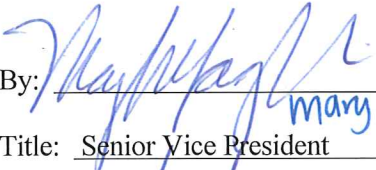
Signature: Mary Jane Jagodzinski

Senior Vice President

Title

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:  By: _____
Title: Senior Vice President Title: _____
Dated: 10/27/21 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

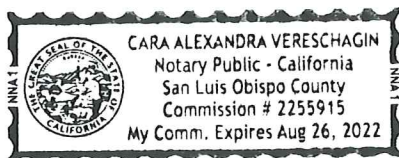
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California


County of San Diego

Subscribed and sworn to (or affirmed) before me on this 27 day of October, 2021

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.



SEAL


Signature of Notary

SAN DIEGO HOUSING COMMISSION – DEVELOPER DISCLOSURE STATEMENT

COMMUNITY HOUSINGWORKS LIST OF ATTACHMENTS

QUESTION #	ATTACHMENT
6	Articles of Incorporation and Nonprofit Status; FTB tax-exempt status
8 & 12	Board Roster of Community HousingWorks (CHW)
14	CHW 2019 and 2020 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
40	Construction Manager Resume



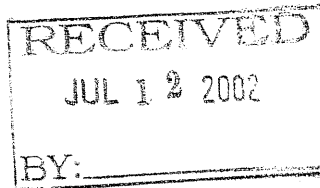
Question #6

**NAVAJO FAMILY APARTMENTS – Articles of Incorporation and
Nonprofit Status; FTB tax exempt 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

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.

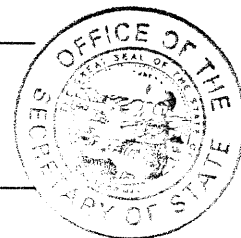
3. The foregoing amended and restated Articles of Incorporation have been duly approved by the board of directors.
4. The corporation has no members.

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





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,



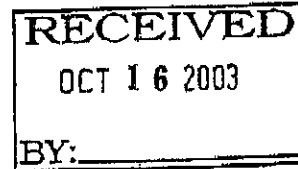
Doris Kenwright, Operation Mgr.
Accounts Management Operations 1



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to
755:6 :GRW

October 10, 2003



COMMUNITY HOUSING WORKS
PRES \JOHN MAWHINNEY
1820 S ESCONDIDO BLVD STE 101
ESCONDIDO CA 92025-6535

Purpose : CHARITABLE
Code Section : 2370ld
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 1617323

This letter confirms your previous exemption from state franchise and income tax under Section 2370ld, Revenue and Taxation Code. In confirming your exempt status, we have made no examination of your current activities. If the organization has changed its operational character, or purpose since exemption was originally granted, that change must be reported immediately to this office.

You may be required to file Form 199 (Exempt Organization Annual Information Return) on or before the 15th day of the 5th month (4 1/2 months) after the close of your accounting period. See annual instructions with forms for requirements.

You are not required to file state franchise or income tax return unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

Contributions made to you are deductible by donors as provided by

October 10, 2003
COMMUNITY HOUSING WORKS
ENTITY ID : 1617323
Page 2

Sections 17214 through 17216.2 and 24357 through 24359 of the Cod
unless your purpose is testing for Public Safety.

G WALKER
EXEMPT ORGANIZATIONS
BUSINESS ENTITIES SECTION
TELEPHONE (916) 845-6053

RTF:

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

Question #8 & #12

**NAVAJO FAMILY APARTMENTS – Board Roster of Community
HousingWorks (CHW)**



2021 Board of Directors

<p>Don Ambrose <i>Board Chair</i> <i>Chair, Executive Committee</i> President Del Mar Healthcare, Inc. 121 Spinnaker Ct Del Mar, CA 92014 (858) 792-6618 - Home don@delmarhc.org 04/2020</p> <p>Voting Member</p>	<p>Justin Apger <i>Vice-Chair</i> <i>Chair, Organizational Development Cmte</i> Chief Operations Officer Downtown San Diego Partnership 401 B Street, Suite 100 San Diego, CA 92101 (619) 234-0201 - Office japger@downtownsandiego.org 01/2020</p> <p>Voting Member</p>	<p>Robert Gottlieb <i>Treasurer</i> <i>Chair, Finance Committee</i> Chief Financial Officer H.G. Fenton Company 1558 Gershwin Street Cardiff, CA 92007 (619) 400-0148 - Office robert@hgfenton.com 10/2013</p> <p>Voting Member</p>
<p>Christie Ault <i>Secretary</i> <i>Chair, Audit Committee</i> Community Development Coordinator Pacific Premier Bank 3050 Rue D'Orleans #426 San Diego, CA 92110 (858) 729-7701 - Office cault@ppbi.com 03/2019</p> <p>Voting Member</p>	<p>Silvia Calzada Community Health Worker Environmental Health Coalition 2727 Hoover Avenue #209 National City, CA 91950 (619) 274-7315 - Cell silviamcalzada@gmail.com 06/2020</p> <p>Voting Member</p>	<p>Jorge Cuevas Antillón <i>Chair, Achieve Committee</i> San Diego County Office of Education Coordinator, Language Acquisition & Reading 633 Del Mar Avenue Chula Vista, CA 91910 (858) 571-7249 - Office jorgecuevasantillon@gmail.com 01/2017</p> <p>Voting Member</p>
<p>Stephen Baker Sr. Vice President Bank of America 3328 Corte Esplendor Carlsbad, CA 92009 (760) 943.1384 (h) (760) 525-6298 (c) sfbaker@zoho.com 09/2011</p> <p>Voting Member</p>	<p>Antonio Barbosa <i>Co-Chair, Governance Committee</i> VP, Community Development Wells Fargo 2307 Palomina Court Chula Vista, CA 91915 (619) 921-9065 (c) Antonio.barbosa@wellsfargo.com 05/2017</p> <p>Voting Member</p>	<p>Robbie Calderon-Hass <i>Chair, Fund Development Committee</i> Broker/Owner The Hass Team Realty 4725 Frazee Road #1504 Oceanside, CA 92057 (760) 754-9990 - Office robbie@thehassteam.com 09/2019</p> <p>Voting Member</p>
<p>Roberto Garcia Planning Commissioner City of National City 2330 I Avenue National City, CA 91950 (619) 586-8357 - Cell roberto.garcia.ozua@gmail.com 09/2016</p> <p>Voting Member</p>	<p>Ted A. Holman <i>Chair, Home Committee</i> Director of Tax Credit Investments First Republic Bank 119 16th Avenue San Francisco, CA 94118 (415) 364-4425 - Office tholman@firstrepublic.com 08/2017</p> <p>Voting Member</p>	<p>Angela Nugent Real Estate Broker Keller Williams Orange County Coastal Realty P.O. Box 2588 El Camino Real F108 Carlsbad, CA 92008 (760) 434-6776 - Office teamnugent@gmail.com 08/2017</p> <p>Voting Member</p>



2021 Board of Directors

Marty Remmell
Co-Chair, Governance Committee
Remmell Consulting
8405 Rio San Diego Drive #5316
San Diego, CA 92108
(619) 977-0730 - Cell
martyremmell@gmail.com
05/2017

Voting Member

Executive Committee in Bold

Updated: 10/20/2021 st



Question #14

**NAVAJO FAMILY APARTMENTS – CHW 2019 and 2020 Consolidated
Financial Statements**



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



Leaf & Cole, LLP
Certified Public Accountants

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

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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
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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' 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 const 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
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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	<i>Sold December 14, 2016</i>	-	-	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	<i>PineView Apartments (Sold 7/1/19)</i>	-	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.	<i>Sold December 19, 2019</i>	-	-	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	<i>Sold December 14, 2016</i>	-	-	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	<i>Sold December 16, 2016</i>	-	-	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	<i>Sold to Tripp (December 2019)</i>	-	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	\$ 1,943,809	\$ 1,333,368

**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



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



Leaf & Cole, LLP
Certified Public Accountants

**COMMUNITY HOUSINGWORKS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 51 to 69 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 24, 2021, 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 solely 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 24, 2021

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS		
	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u> (Notes 2, 4, 5 and 6)		
Cash and cash equivalents	\$ 28,260,721	\$ 20,871,284
Investments	9,637,536	8,801,430
Security deposits	653,784	600,822
Grants and contracts receivable	60,771	68,443
Contributions receivable, net	-	750
Accounts receivable - related parties	16,865,273	6,576,381
Accounts receivable - other, net	193,645	170,397
Prepaid expenses	142,656	245,167
Property held for sale	-	1,732,489
Total Current Assets	<u>55,814,386</u>	<u>39,067,163</u>
<u>Noncurrent Assets:</u> (Notes 2, 4 and 7 thru 11)		
Restricted reserves	8,009,509	6,512,664
Loans receivable, net	315,772	468,040
Notes receivable - related parties, net	65,976,195	65,854,968
Interest receivable	2,375,308	1,801,064
Property and equipment, net	73,963,162	78,002,197
Investments in limited partnerships	14,520,897	11,647,039
Deposits	274,574	253,287
Other assets, net	41,621	44,073
Total Noncurrent Assets	<u>165,477,038</u>	<u>164,583,332</u>
TOTAL ASSETS	\$ <u>221,291,424</u>	\$ <u>203,650,495</u>

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

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2020 AND 2019

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current Liabilities:</u> (Notes 2, 12 and 13)		
Accounts payable and accrued expenses	\$ 1,677,633	\$ 2,449,957
Security deposits	653,778	579,572
Deferred revenue	148,805	135,701
Line-of-credit payable	-	2,000,000
Current portion of noncurrent liabilities	1,873,307	1,886,050
Total Current Liabilities	<u>4,353,523</u>	<u>7,051,280</u>
<u>Noncurrent Liabilities:</u> (Notes 2, 13 and 14)		
Deferred revenue	155,302	200,255
Deferred lease liability	281,170	254,064
Notes payable - amortized debt , net	33,399,632	32,844,075
Notes payable - residual receipts debt, net	31,909,119	38,288,602
Interest payable - residual receipts debt	15,153,644	10,944,675
Less: Current portion	<u>(1,873,307)</u>	<u>(1,886,050)</u>
Total Noncurrent Liabilities	<u>79,025,560</u>	<u>80,645,621</u>
Total Liabilities	<u>83,379,083</u>	<u>87,696,901</u>
<u>Obligation Under Interest Rate Swap</u> (Notes 2 and 15)	<u>989,513</u>	<u>948,438</u>
<u>Commitments and Contingencies</u> (Notes 12 and 17)		
<u>Net Assets:</u> (Notes 2 and 16)		
Without donor restrictions	136,016,048	113,584,379
With donor restrictions:		
Time and purpose restrictions	906,780	647,937
Perpetual in nature	-	772,840
Total Net Assets	<u>136,922,828</u>	<u>115,005,156</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 221,291,424</u></u>	<u><u>\$ 203,650,495</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, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 736,009	\$ 366,740	\$ 1,102,749	\$ 479,535	\$ 459,015	\$ 938,550
Developer fees	18,096,560	-	18,096,560	6,380,154	-	6,380,154
Grants and contracts	1,628,956	261,579	1,890,535	890,921	150,000	1,040,921
Loan interest and investment income	2,908,044	1,203	2,909,247	2,123,716	761	2,124,477
Management fees	813,923	-	813,923	967,400	-	967,400
Other income	1,024,693	-	1,024,693	512,864	-	512,864
Program income	837,618	-	837,618	1,080,790	-	1,080,790
Rental income	10,850,630	-	10,850,630	12,750,466	-	12,750,466
Net assets released from restrictions	1,143,519	(1,143,519)	-	840,176	(840,176)	-
Total Revenue and Support	38,039,952	(513,997)	37,525,955	26,026,022	(230,400)	25,795,622
Expenses:						
Program Services:						
Asset management	1,389,408	-	1,389,408	1,250,894	-	1,250,894
Community programs	3,494,526	-	3,494,526	2,971,903	-	2,971,903
Real estate development	3,910,951	-	3,910,951	3,375,973	-	3,375,973
Rental real estate	11,701,149	-	11,701,149	15,670,852	-	15,670,852
Supportive housing programs	374,096	-	374,096	349,419	-	349,419
Total Program Services	20,870,130	-	20,870,130	23,619,041	-	23,619,041
Supporting Services:						
Management and general	1,436,003	-	1,436,003	1,254,892	-	1,254,892
Fundraising	632,868	-	632,868	559,149	-	559,149
Total Supporting Services	2,068,871	-	2,068,871	1,814,041	-	1,814,041
Total Expenses	22,939,001	-	22,939,001	25,433,082	-	25,433,082
Change in Net Assets Before Other Revenue and (Expense)	15,100,951	(513,997)	14,586,954	592,940	(230,400)	362,540

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, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Other Revenue and (Expense):						
Gain on sale of property and equipment	\$ 4,511,036	\$ -	\$ 4,511,036	\$ 44,044,532	\$ -	\$ 44,044,532
Loan forgiveness and recovery	278,480	-	278,480	127,769	-	127,769
Obligation under interest rate swap change	242,168	-	242,168	89,700	-	89,700
Partnership income (loss)	(357,734)	-	(357,734)	61,628	-	61,628
Total Other Revenue and (Expense)	<u>4,673,950</u>	<u>-</u>	<u>4,673,950</u>	<u>44,323,629</u>	<u>-</u>	<u>44,323,629</u>
Change in Net Assets	19,774,901	(513,997)	19,260,904	44,916,569	(230,400)	44,686,169
Net Assets at Beginning of Year	113,584,379	1,420,777	115,005,156	65,164,913	1,651,177	66,816,090
Acquisition of Partnership Interest	2,826,153	-	2,826,153	3,502,897	-	3,502,897
Contributions/(Distributions), net	<u>(169,385)</u>	<u>-</u>	<u>(169,385)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 136,016,048</u>	<u>\$ 906,780</u>	<u>\$ 136,922,828</u>	<u>\$ 113,584,379</u>	<u>\$ 1,420,777</u>	<u>\$ 115,005,156</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, 2020

	Program Services				Supporting Services				
	Asset Management	Community Programs	Real Estate Development	Rental Real Estate	Supportive Housing Programs	Management and General	Fundraising	Eliminations	Total Expenses
<u>Personnel Expenses:</u>									
Salaries and wages	\$ 981,867	\$ 2,034,172	\$ 2,717,830	\$ -	\$ 28,981	\$ 748,837	\$ 279,115	\$ -	\$ 6,790,802
Payroll taxes	63,942	135,954	171,661	-	2,247	58,120	34,119	-	466,043
Health insurance and other benefits	107,108	314,187	290,772	-	5,108	109,688	59,389	-	886,252
Temporary/contract personnel	2,670	3,923	2,616	-	245	6,332	1,562	-	17,348
Total Personnel Expenses	<u>1,155,587</u>	<u>2,488,236</u>	<u>3,182,879</u>	<u>-</u>	<u>36,581</u>	<u>922,977</u>	<u>374,185</u>	<u>-</u>	<u>8,160,445</u>
<u>Occupancy:</u>									
Office rent	92,705	138,911	220,298	-	21,811	84,764	59,443	-	617,932
Telephone/Internet	8,980	16,336	22,400	-	2,119	8,319	5,788	-	63,942
Total Occupancy	<u>101,685</u>	<u>155,247</u>	<u>242,698</u>	<u>-</u>	<u>23,930</u>	<u>93,083</u>	<u>65,231</u>	<u>-</u>	<u>681,874</u>
<u>Insurance</u>	<u>2,994</u>	<u>10,996</u>	<u>7,974</u>	<u>-</u>	<u>1,073</u>	<u>(2,170)</u>	<u>1,388</u>	<u>-</u>	<u>22,255</u>
<u>Supplies and Other Administrative Costs</u>	<u>44,691</u>	<u>139,884</u>	<u>231,249</u>	<u>-</u>	<u>9,122</u>	<u>153,519</u>	<u>60,901</u>	<u>-</u>	<u>639,366</u>
<u>Travel</u>	<u>1,664</u>	<u>19,383</u>	<u>3,889</u>	<u>-</u>	<u>103</u>	<u>2,653</u>	<u>863</u>	<u>-</u>	<u>28,555</u>
<u>Professional Fees:</u>									
Other professional services	20,433	180,194	49,117	-	17,640	66,620	57,999	-	392,003
Equipment/computer services	8,790	32,607	18,110	-	1,706	33,547	12,187	-	106,947
Accounting (Audit)	2,583	7,293	10,112	-	456	16,270	2,903	-	39,617
Total Professional Fees	<u>31,806</u>	<u>220,094</u>	<u>77,339</u>	<u>-</u>	<u>19,802</u>	<u>116,437</u>	<u>73,089</u>	<u>-</u>	<u>538,567</u>
<u>Program/Project Expenses:</u>									
Program/Project related expenses	1,645	372,758	3,096	-	113,332	7,587	22,193	-	520,611
Property operation cost	18,194	-	-	12,738,282	132,882	-	-	(4,751,722)	8,137,636
Total Program/Project Expenses	<u>19,839</u>	<u>372,758</u>	<u>3,096</u>	<u>12,738,282</u>	<u>246,214</u>	<u>7,587</u>	<u>22,193</u>	<u>(4,751,722)</u>	<u>8,658,247</u>
<u>Other Expenses:</u>									
Interest	15,576	43,980	29,320	-	16,303	70,984	17,507	-	193,670
Depreciation and amortization	7,613	21,494	14,331	3,714,589	19,565	34,692	8,556	-	3,820,840
Contributions to others	7,953	22,454	14,970	-	1,403	36,241	8,955	-	91,976
Property loss	-	-	103,206	-	-	-	-	-	103,206
Total Other Expenses	<u>31,142</u>	<u>87,928</u>	<u>161,827</u>	<u>3,714,589</u>	<u>37,271</u>	<u>141,917</u>	<u>35,018</u>	<u>-</u>	<u>4,209,692</u>
<u>Less: Eliminations:</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,751,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,751,722</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 1,389,408</u>	<u>\$ 3,494,526</u>	<u>\$ 3,910,951</u>	<u>\$ 11,701,149</u>	<u>\$ 374,096</u>	<u>\$ 1,436,003</u>	<u>\$ 632,868</u>	<u>\$ -</u>	<u>\$ 22,939,001</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	<u>941,232</u>	<u>2,069,089</u>	<u>2,720,006</u>	<u>-</u>	<u>38,623</u>	<u>874,565</u>	<u>382,106</u>	<u>-</u>	<u>7,025,621</u>
<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	<u>101,039</u>	<u>148,045</u>	<u>294,764</u>	<u>-</u>	<u>24,036</u>	<u>95,266</u>	<u>34,914</u>	<u>-</u>	<u>698,064</u>
<u>Insurance</u>	<u>(10,756)</u>	<u>(4,980)</u>	<u>(14,898)</u>	<u>-</u>	<u>(878)</u>	<u>(49,616)</u>	<u>(10,672)</u>	<u>-</u>	<u>(91,800)</u>
<u>Supplies and Other Administrative Costs</u>	<u>70,732</u>	<u>177,819</u>	<u>216,327</u>	<u>-</u>	<u>12,210</u>	<u>131,674</u>	<u>61,245</u>	<u>-</u>	<u>670,007</u>
<u>Travel</u>	<u>18,872</u>	<u>69,717</u>	<u>20,085</u>	<u>-</u>	<u>555</u>	<u>6,852</u>	<u>4,298</u>	<u>-</u>	<u>120,379</u>
<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	<u>96,733</u>	<u>184,412</u>	<u>59,217</u>	<u>-</u>	<u>41,712</u>	<u>83,550</u>	<u>39,461</u>	<u>-</u>	<u>505,085</u>
<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	<u>2,016</u>	<u>285,884</u>	<u>3,675</u>	<u>15,591,385</u>	<u>203,659</u>	<u>5,236</u>	<u>20,944</u>	<u>(3,857,212)</u>	<u>12,255,587</u>
<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	<u>31,026</u>	<u>41,917</u>	<u>76,797</u>	<u>3,936,679</u>	<u>29,502</u>	<u>107,365</u>	<u>26,853</u>	<u>-</u>	<u>4,250,139</u>
<u>Less: Eliminations:</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,857,212)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,857,212</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 1,250,894</u>	<u>\$ 2,971,903</u>	<u>\$ 3,375,973</u>	<u>\$ 15,670,852</u>	<u>\$ 349,419</u>	<u>\$ 1,254,892</u>	<u>\$ 559,149</u>	<u>\$ -</u>	<u>\$ 25,433,082</u>

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 19,260,904	\$ 44,686,169
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,819,287	4,037,451
Amortization of other assets	1,553	1,553
Amortization of debt issuance costs	30,814	219,845
Gain on sale of property and equipment	(4,511,036)	(44,044,532)
Net realized and unrealized gains from investments	(410,316)	(217,398)
Loan forgiveness	(24,500)	(24,500)
Partnership loss (gain)	357,734	(61,628)
Change in obligation under interest rate swap	(242,168)	(89,700)
Perpetual restricted net assets released	772,840	331,217
(Increase) Decrease in:		
Grants and contracts receivable	7,672	(15,465)
Contributions receivable, net	750	87,540
Accounts receivable, net	(10,279,990)	(186,421)
Prepaid expenses	121,898	290,662
Interest receivable	(574,244)	(39,784)
Other assets	(10,000)	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	2,794,178	1,363,658
Security deposits	(3,329)	(127,692)
Deferred revenue	(40,227)	(63,108)
Deferred lease liability	27,106	254,064
Interest payable	331,813	(1,633,615)
Net Cash Provided by Operating Activities	<u>11,430,739</u>	<u>4,768,316</u>
<u>Cash Flows From Investing Activities:</u>		
Property held for sale	(100,773)	(135,592)
Proceeds from sale of property held for sale	2,085,000	-
Investment (purchases) sales, net	(525,641)	(8,603,608)
Loans receivable, net	152,268	121,670
Notes receivable - related parties, net	(121,227)	1,581,211
Proceeds from sale of property and equipment	8,589,756	57,976,079
Property and equipment purchases	(3,076,121)	(22,208,450)
Partnership contributions and transfer costs, net	(1,876,785)	1,134,970
Payment for deposits	(99,833)	(55,918)
Payment for other assets	-	(10,899)
Net Cash Provided by Investing Activities	<u>5,026,644</u>	<u>29,799,463</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Financing Activities:</u>		
Line-of-credit (payments) advances	\$ (2,000,000)	\$ 2,000,000
Payment for debt issuance costs	-	(3,700)
Proceeds from notes payable	3,938,962	19,750,453
Payments on notes payable	(8,784,112)	(45,127,047)
Payments on bonds payable	-	(7,203,587)
Perpetual restricted net assets released	(772,840)	(331,217)
Net Cash Used in Financing Activities	<u>(7,617,990)</u>	<u>(30,915,098)</u>
Net Increase in Cash and Cash Equivalents and Restricted Cash	8,839,393	3,652,681
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>27,669,819</u>	<u>24,017,138</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u><u>\$ 36,509,212</u></u>	<u><u>\$ 27,669,819</u></u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Cash paid for interest, net of capitalized interest (Note 2)	<u><u>\$ 1,131,409</u></u>	<u><u>\$ 6,070,580</u></u>
<u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u>		
Acquisition of Fallbrook View Housing Associates, L.P.	<u><u>\$ (2,749,051)</u></u>	<u><u>\$ -</u></u>
Acquisition of Delta Village Housing Associates, L.P.	<u><u>\$ 285,669</u></u>	<u><u>\$ -</u></u>
Notes receivable - related parties advanced as proceeds from sale of property and equipment	<u><u>\$ -</u></u>	<u><u>\$ 28,256,476</u></u>
Acquisition of Dove Family Housing Associates, L.P.	<u><u>\$ -</u></u>	<u><u>\$ (3,502,897)</u></u>

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

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 51 - 54 for the years ended December 31, 2020 and 2019, 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 3,670 rental apartments in 42 communities statewide, the Organization proudly served more than 9,800 residents in 2020.

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 due to its significance influence over the operations of the property. 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 typically exits 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, 2020 AND 2019

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 51 - 54.

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 51 - 54 which represent 100% of the assets of Escondido.

Maplewood/Ashwood

Maplewood/Ashwood, a California Nonprofit Corporation has no assets at December 31, 2020 or 2019.

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 9,800 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 Americas. As of 2020, CHW operated 3,670 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 19 of our communities residents can take advantage of a Community Center with after-school programs. In 2020, these services were offered remotely. 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, 2020 AND 2019

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 97% 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 108 supportive housing apartments in 13 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	6	Supportive homes for homeless, disabled veterans
North Park Seniors	San Diego	8	Permanent Supportive Homes for Seniors 55+

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 meet people where they are at 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. In 2020, RHSP is on hold due to the COVID-19 eviction moratorium.
- **Financial Security** (*meet day-to-day financial obligations*). Community HousingWorks' Family Asset Building class uses a virtual group-coaching model to help residents more effectively manage their money and make positive financial choices to meet self-identified goals. In 2020, there was a total of 18 workshops and 120 participants. Through our Credit Strengthening Initiative program, there was a total of 37% of households who registered on the new property management platform (APTEXX) to pay their rent and 21% of households are now paying rent online. A total of 15% of these residents also opted-in to have their rental payments reported to the credit bureaus to strengthen their credit scores.
- **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. In 2020, 17 residents joined a Financial Health Club.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

2. Next Generation Success

For over 30 years, CHW has offered educational supports to youth to break the cycle of poverty.

- **Study Stars Extended Learning 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. For the 2019-2020 school year, there were a total of 228 active study star students participating in the Study Stars Extended Learning 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 2020, 33 CHW residents from 18 communities won scholarships totaling \$33,000.

3. Health and Wellness

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

- **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.
 - **Serving a Range of Needs.** As of the end of 2020, 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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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.

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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

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.

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 28,260,721	\$ 20,871,284
Security deposits	653,784	600,822
Restricted reserves	<u>7,594,707</u>	<u>6,197,713</u>
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 36,509,212</u>	<u>\$ 27,669,819</u>

Certificates of deposit totaling \$101,754 and \$101,626 at December 31, 2020 and 2019, respectively, included in cash and cash equivalents earn interest at .01% and .15%, mature November 29, 2021 and November 29, 2020.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

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, 2020 and 2019. The allowance for doubtful accounts receivable-other totaled \$5,248 and \$6,525 at December 31, 2020 and 2019, respectively. The allowance for doubtful contributions receivable totaled \$-0- and \$250 at December 31, 2020 and 2019, 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 \$35,000 and \$52,000 at December 31, 2020 and 2019, respectively. Collection (recoveries) and losses are recorded as other revenue and expense in the consolidated statement of activities. Collection losses totaled \$-0- and \$6,673 for the years ended December 31, 2020 and 2019, 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.

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, 2020 and 2019.

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

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

Depreciation totaled \$3,819,287 and \$4,037,451 for the years ended December 31, 2020 and 2019, respectively.

Interest totaling \$332,181 and \$261,660 for the years ended December 31, 2020 and 2019, 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 \$-0- and \$1,732,489 at December 31, 2020 and 2019, 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.

The Organization's test for impairment at December 31, 2020 and 2019 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, 2020 and 2019. 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 \$71,000 and \$71,899 net of accumulated amortization totaling \$29,379 and \$27,826 at December 31, 2020 and 2019, 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 for each of the years ended December 31, 2020 and 2019, respectively.

Compensated Absences

Accumulated unpaid vacation totaling \$430,850 and \$316,785 at December 31, 2020 and 2019, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Security Deposits

Security deposits are restricted to the extent of the security deposit liability totaling \$653,778 and \$579,572 at December 31, 2020 and 2019, 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 \$30,814 and \$219,845 for the years ended December 31, 2020 and 2019, respectively.

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 15 is considered a derivative instrument and is measured at fair value. The gains and losses 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, 2020, 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:

	<u>2020</u>	<u>2019</u>
Balance at Beginning of Year	\$ 948,438	\$ -
Balance Acquired Through Partnership Acquisition	-	1,038,138
Change in Fair Value of Obligation Under Interest Rate Swap	41,075	(89,700)
Balance at End of Year	<u>\$ 989,513</u>	<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 the 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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Revenue and Expense Recognition (Continued)

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 fixed-fee development services agreements. The development related activities are considered a bundle of services that relate to a single performance obligation. Developer fee revenue is recognized using an output methodology that corresponds to the earnings benchmarks described in the development services agreement. The revenue earned according to the benchmarks described in the development services agreement approximates the actual progress and services provided based on the percentage of completion. The following table summarizes the contract asset for developer fees earned at December 31:

	<u>2020</u>	<u>2019</u>
Accounts receivable – related parties	\$ 11,924,297	\$ 4,293,977
Notes receivable – related parties	3,737,518	3,093,853
Total Contract Asset	<u>\$ 15,661,815</u>	<u>\$ 7,387,830</u>

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 \$202,255 and \$247,208 at December 31, 2020 and 2019, respectively.

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 \$101,852 and \$88,748 at December 31, 2020 and 2019, 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 \$281,170 and \$254,064 at December 31, 2020 and 2019, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

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, 2020 and 2019, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

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.

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, 2020, 2019, 2018 and 2017 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.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Accounting Pronouncements Adopted

In March 2020, the FASB issued ASU 2020-03, *Codification Improvements to Financial Instruments*. This standard provides entities other than public business entities with relief from the requirement to disclose the fair values of financial instruments measured at amortized cost basis, clarifies that all entities are required to provide the fair value option disclosures and provides an exception that permits fair value measurement on a portfolio basis under certain circumstances. The adoption had no effect on the 2020 financial statements.

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 24, 2021, 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 19.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 28,260,721	\$ 20,871,284
Investments	9,637,536	8,801,430
Grants and contracts receivable	60,771	68,443
Contributions receivable, net	-	750
Accounts receivable – related parties	16,865,273	6,576,381
Accounts receivable – other, net	193,645	170,397
Total financial assets	<u>55,017,946</u>	<u>36,488,685</u>
Less assets unavailable for general expenditures:		
Cash and investments held for board-designated purposes	<u>(10,326,447)</u>	<u>(12,686,293)</u>
Total financial assets not available to be used within one year	<u>(10,326,447)</u>	<u>(12,686,293)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 44,691,499</u>	<u>\$ 23,802,392</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 \$5,500,000 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 16. 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, 2020 AND 2019

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:

	2020			
	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, 2020
Investments:				
Fixed income funds	\$ 3,078,719	\$ -	\$ -	\$ 3,078,719
Equity funds	1,460,477	-	-	1,460,477
Equities	578,942	-	-	578,942
U.S. Treasury bills	-	3,574,045	-	3,574,045
Corporate bonds	-	945,353	-	945,353
Total Investments	<u>5,118,138</u>	<u>4,519,398</u>	<u>-</u>	<u>9,637,536</u>
Restricted Reserves: (Note 7)				
Equity funds	191,819	-	-	191,819
Corporate bonds	-	222,983	-	222,983
Total Restricted Reserves	<u>191,819</u>	<u>222,983</u>	<u>-</u>	<u>414,802</u>
	<u>\$ 5,309,957</u>	<u>\$ 4,742,381</u>	<u>\$ -</u>	<u>\$ 10,052,338</u>
	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>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 4 – Investments and Fair Value Measurements: (Continued)

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

	<u>2020</u>	<u>2019</u>
Interest income from lending	\$ 2,326,262	\$ 1,613,541
Interest and dividend income from investments and reserves	212,009	323,425
Net realized and unrealized gains from investments	410,316	217,398
Investment fees	(39,340)	(29,887)
Total Loan Interest and Investment Income	<u>\$ 2,909,247</u>	<u>\$ 2,124,477</u>

Note 5 - Contributions Receivable:

Contributions receivable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Current:		
Due in less than one year	\$ -	\$ 1,000
Less: Allowance for uncollectible receivables	-	(250)
Total Contributions Receivable, Net	<u>\$ -</u>	<u>\$ 750</u>

The contributions receivable have been discounted to their present value using a discount rate of 1.50% at December 31, 2019.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
15 th Avenue Housing Cooperative	\$ 7,616	\$ 5,928
Alabama Manor Housing Associates, L.P.	107,852	93,776
Arden Way Housing Associates, L.P.	217,239	-
Cedar Nettleton Housing Associates, L.P.	16,093	14,895
Community Road Housing Associates, L.P.	191,958	170,739
Cypress Cove Housing Associates, L.P.	180,503	133,765
Delta Village Housing Associates, L.P.	-	196,025
East Mountain Housing Associates, L.P.	69,534	79,127
El Norte Housing Associates, L.P.	43,074	52,426
Fallbrook View Housing Associates, L.P.	-	277,153
Florida Street Housing Associates, L.P.	58,807	68,885
Foothill Oak Housing Associates, L.P.	74,593	71,644
Fruit Avenue Housing Associates, L.P.	136,816	131,494
Keeler Court Housing Associates, L.P.	4,486,593	1,954,339
Kimball Tower Housing Associates, L.P.	200,800	25,220
Lindo Housing Associates, L.P.	63,549	60,921
Mission Cove Seniors Housing Associates, L.P.	158,220	380,433
Monument Boulevard Housing Associates, LP	52,819	213,255
Morgan Tower Housing Associates, L.P.	4,947,356	25,173
Mountain View Housing Associates, L.P.	63,183	92,490
North Santa Fe Housing Associates, L.P.	18,549	17,335
Oak Knoll Housing Associates, L.P.	39,884	38,760
Paradise Creek Housing Partners, L.P.	23,021	13,261
Paradise Creek II Housing Partners, L.P.	25,043	69,378
Poway Villas Housing Associates, L.P.	800	-
Poway Villas Community Housing Association	18,000	15,215
South Santa Fe Housing Associates, L.P.	290,223	-
Texas Street Senior Housing, L.P.	232,776	303,406
Tripp Avenue Housing Associates, L.P.	2,341,710	1,911,868
Turnagain Arms Community Housing Association	260	10
Turnagain Renaissance Housing Associates, L.P.	800	49,646
Ulric Street Housing Associates, L.P.	1,824,685	-
Windsor Gardens Housing Associates, L.P.	860,354	-
Woodcroft Street Housing Associates, L.P.	112,563	109,814
Total Accounts Receivable - Related Parties	<u>\$ 16,865,273</u>	<u>\$ 6,576,381</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Bandar Salaam Apartments	\$ 446,716	\$ 393,269
Daybreak/Sunrise Place	295,929	283,655
Delta Village	200,183	-
Esperanza Garden Apartments	432,903	420,782
Eucalyptus View	149,133	139,421
Fallbrook View	825,193	-
Haley Ranch Estates	1,923,365	1,770,426
Hillside Village	651,863	648,952
La Costa Paloma	1,020,090	960,281
Marisol Apartments	271,631	257,243
Old Grove Apartments	342,977	289,942
Orange Place Apartments	490,939	453,771
Parkside Terrace Apartments	958,587	894,922
Total Restricted Reserves	<u>\$ 8,009,509</u>	<u>\$ 6,512,664</u>

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 7,594,707	\$ 6,197,713
Investments	414,802	314,951
Total Restricted Reserves	<u>\$ 8,009,509</u>	<u>\$ 6,512,664</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
CDGB Revolving Loan Fund	3.00%-6.00%	20 years	\$ 40,000	\$ 40,000
Neighborhood Reinvestment Corporation	3.00%-6.50%	10 years	72,643	229,041
HSF/WM	5.00%-6.50%	30 years	1,104	3,770
Neighborhood Housing Services of America - Community Development Financial Institutions	5.95%-6.50%	10 to 30 years	15,471	17,991
First Mortgage	6.25%	30 years	221,554	229,238
Total Loans Receivable			<u>350,772</u>	<u>520,040</u>
Less: Allowance for Collection Losses			<u>(35,000)</u>	<u>(52,000)</u>
Loans Receivable, Net			<u>\$ 315,772</u>	<u>\$ 468,040</u>

Accrued interest on loans receivable totaled \$16,146 and \$25,377 at December 31, 2020 and 2019, respectively.

Note 9 - Notes Receivable - Related Parties:

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

	<u>2020</u>	<u>2019</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 \$186,734 and \$254,239 at December 31, 2020 and 2019, respectively.	2,731,129	2,731,129

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

	<u>2020</u>	<u>2019</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 \$83,743 and \$61,832 at December 31, 2020 and 2019, 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 \$19,095 and \$25,464 at December 31, 2020 and 2019, respectively.	250,571	521,853
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
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 \$114,398 and \$109,146 at December 31, 2020 and 2019, 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 \$32,518 and \$49,309 at December 31, 2020 and 2019, 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 \$2,908 and \$2,538 at December 31, 2020 and 2019, respectively.	6,000	6,000

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
The deferred developer fee from Fruit Avenue Housing Associates, LP bears interest at 1.53% annually. Accrued interest totaled \$57,351 and \$116,397 at December 31, 2020 and 2019, respectively.	\$ 3,545,414	\$ 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 \$780,544 and \$580,394 at December 31, 2020 and 2019, 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.	1,435,030	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 \$102,474 and \$71,316 at December 31, 2020 and 2019, 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 \$-0- and \$2,141 at December 31, 2020 and 2019, respectively.	-	22,167
The deferred developer fee from Monument Boulevard Housing L.P. in the original amount of \$3,093,853 is noninterest-bearing.	1,904,569	3,093,856
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 \$15,256 and \$99,456 at December 31, 2020 and 2019, respectively.	8,515,249	8,619,590

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
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 \$26,064 and \$54,792 at December 31, 2020 and 2019, 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.	195,469	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 \$53,070 and \$8,788 at December 31, 2020 and 2019, respectively.	2,011,028	2,011,028
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 \$77,438 and \$59,309 at December 31, 2020 and 2019, 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 \$621,083 and \$30,741 at December 31, 2020 and 2019, respectively.	28,256,476	28,256,476
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 \$104,864 and \$96,200 at December 31, 2020 and 2019, respectively.	200,000	200,000

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
The deferred developer fee from Windsor Gardens Housing Associates, L.P. in the original amount of \$1,832,949 is noninterest-bearing.	\$ 1,832,949	\$ -
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 \$26,035 and \$66,800 at December 31, 2020 and 2019, respectively.		
	390,565	677,307
Total Notes Receivable - Related Parties	<u>\$ 65,976,195</u>	<u>\$ 65,854,968</u>

There are no required payments due in the next five years. Accrued interest totaled \$2,359,162 and \$1,775,687 at December 31, 2020 and 2019, respectively.

Note 10 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 21,284,075	\$ 18,522,905
Buildings and improvements	107,163,442	95,971,204
Equipment	38,148	38,148
Furniture and fixtures	5,881,896	4,796,806
Vehicles and trailer	3,483	3,483
Construction in progress	2,937,049	4,468,649
Subtotal	<u>137,308,093</u>	<u>123,801,195</u>
Less: Accumulated depreciation	<u>(63,344,931)</u>	<u>(45,798,998)</u>
Property and Equipment, Net	<u>\$ 73,963,162</u>	<u>\$ 78,002,197</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Alabama Manor Housing Associates, L.P. (.01%)	\$ (347)	\$ (336)
Arden Way Housing Associates, L.P. (.01%)	1,284,915	-
Cedar Nettleton Housing Associates, L.P. (.01%)	30,190	30,211
Community Road Housing Associates, L.P. (.01%)	(533)	(496)
Cypress Cove Housing Associates, L.P. (.01%)	131,442	131,602
Delta Village Housing Associates, L.P. (.01%)	-	(224,009)
East Mountain Housing Associates, L.P. (.01%)	26,332	26,363
El Norte Housing Associates, L.P. (.01%)	249,764	249,801
Fallbrook View Housing Associates, L.P. (.01%)	-	9,280
Florida Street Housing Associates, L.P. (.01%)	944,030	944,139
Foothill Oak Housing Associates, L.P. (.01%)	(201)	(155)
Fruit Avenue Housing Associates, L.P. (.01%)	74,709	74,874
Keeler Court Housing Associates, L.P. (.01%)	100	100
Kimball Tower Housing Associates, L.P. (.005%)	3,438,373	64
Lindo Housing Associates, L.P. (.01%)	473,951	473,984
Mission Cove Seniors Housing Associates, L.P. (.01%)	(24,206)	41,491
Monument Boulevard Housing Associates, L.P. (.01%)	776,787	776,830
Morgan Tower Housing Associates, L.P. (.005%)	(133)	69
Mountain View Housing Associates, L.P. (.01%)	576,995	577,040
North Santa Fe Housing Associates, L.P. (.01%)	(429)	(334)
Oak Knoll Housing Associates, L.P. (.01%)	300,189	362,585
Paradise Creek Housing Partners, L.P. (.005%)	(281)	(377)
Paradise Creek II Housing Partners, L.P. (.005%)	4,549,878	4,549,908
Preservation Investment – Parkside Terrace LLC (25%)	-	2,073,947
Poway Villas Housing Associates, L.P. (.01%)	(3,492)	(3,402)
Solutions Family Center, L.P. (1%)	(13,206)	(10,463)
South Santa Fe Housing Associates (.01%)	100	-
Texas Street Senior Housing, L.P. (.01%)	1,556,462	1,556,559
Tripp Avenue Housing Associates, L.P. (.01%)	125,898	262,167
Turnagain Renaissance Housing Associates, L.P. (.01%)	2,083	2,132
Ulric Street Housing Associates, L.P. (0.0090%)	100	-
Windsor Gardens Housing Associates, L.P. (0.0001%)	278,000	-
Woodcroft Street Housing Associates, L.P. (.01%)	(256,573)	(256,535)
	<u>\$ 14,520,897</u>	<u>\$ 11,647,039</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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:

		2020	
	Management Fees	Other Services	Developer Fees
Alabama Manor Housing Associates, L.P.	\$ 22,415	\$ 61,432	\$ -
Arden Way Housing Associates, L.P.	-	-	1,080,000
Cedar Nettleton Housing Associates, L.P.	13,659	39,783	-
Community Road Housing Associates, L.P.	39,098	22,250	-
Cypress Cove Housing Associates, L.P.	28,138	109,272	-
East Mountain Housing Associates, L.P.	34,779	33,765	-
El Norte Housing Associates, L.P.	23,774	30,000	-
Florida Street Housing Associates, L.P.	36,403	50,158	-
Foothill Oak Housing Associates, L.P.	73,793	-	-
Fruit Housing Associates, L.P.	5,354	-	-
Keeler Court Housing Associates, L.P.	-	-	1,377,734
Kimball Tower Housing Associates, L.P.	25,750	-	4,488,470
Lindo Housing Associates, L.P.	28,984	50,648	-
Mission Cove Seniors Housing Associates, L.P.	96,897	52,531	-
Monument Boulevard Housing Associates, L.P.	26,523	-	-
Morgan Tower Housing Associates, L.P.	25,750	-	5,166,560
Mountain View Housing Associates, L.P.	29,582	34,095	-
North Santa Fe Housing Associates, L.P.	16,971	44,540	-
Oak Knoll Housing Associates, L.P.	30,222	15,111	-
Paradise Creek Housing Partners, L.P.	40,193	67,711	-
Paradise Creek II Housing Partners, L.P.	58,537	65,454	-
Poway Villas Housing Associates, L.P.	22,467	-	-
South Santa Fe Housing Associates	-	-	850,000
Texas Street Senior Housing, L.P.	15,914	56,241	-
Tripp Avenue Housing Associates, L.P.	25,000	-	-
Turnagain Renaissance Housing Associates, L.P.	22,486	-	-
Ulric Street Housing Associates, L.P.	-	-	1,900,847
Windsor Gardens Housing Associates, L.P.	17,500	46,667	3,232,949
Woodcroft Street Housing Associates, L.P.	53,734	57,960	-
	<u>\$ 813,923</u>	<u>\$ 837,618</u>	<u>\$ 18,096,560</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 11 - Investments in Limited Partnerships: (Continued)

		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>

In addition, the Organization earned interest on advances and notes receivable to related entities totaling \$2,416,823 and \$1,592,924 for the years ended December 31, 2020 and 2019, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 (3.25% and 4.75% at December 31, 2020 and 2019, respectively). Interest is payable monthly. The line-of-credit note expires April 1, 2022. The outstanding balance on the line-of-credit totaled \$0- and \$2,000,000 at December 31, 2020 and 2019, 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, 2020 and 2019.

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 3.00% per annum. Interest is payable monthly. The line-of-credit note expires March 19, 2022. There was no outstanding balance on the line-of-credit at December 31, 2020 and 2019.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 13 - Notes Payable – Amortized Debt

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

<u>Community HousingWorks</u>	<u>2020</u>	<u>2019</u>
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 March 1, 2020, is held by Union Bank, N.A. in the original amount of \$3,000,000, and bears interest at .80% per annum. Interest is payable quarterly. Principal and accrued interest are due March 1, 2025. Unsecured.	3,000,000	-
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, 2021.	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, 2022. 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 August 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, 2026. 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	500,000
Total Community HousingWorks	<u>8,650,000</u>	<u>5,650,000</u>

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Esperanza Housing and Community Development Corporation

2020

2019

The note payable, which was originated in December 2003, is held by JPMorgan Chase Bank in the original amount of \$1,500,000, and bears interest at 7.74% per annum. Principal and interest are payable in monthly installments of \$10,736 commencing January 1, 2004. Principal and accrued interest are due December 1, 2033. Secured by a deed of trust on Hillside Village.

\$ 1,053,960 \$ 1,099,290

The note payable, which was originated on December 7, 2016, is held by the Community Housing Capital, Inc. in the original amount of \$7,470,000. Interest-only payments and interest at 5.50% per annum are due monthly for the first thirty-six (36) months. Beginning with the thirty-seventh (37th) month of the term of the note, the interest rate will be modified for the remaining twenty-four (24) months of the term of the note, to an amount equal to the prime rate of interest as published in the Wall Street Journal on the date that is closest to the end of the thirty-six (36) month anniversary of the term of the note plus 2.00% per annum, provided, however, that the interest rate for the remaining twenty-four (24) month term of the note shall not be less than the base rate or more than 6.25% per annum. Principal and accrued interest are due no later than December 7, 2021. Secured by a deed of trust on Ulric Apartments.

- 7,470,000

The mortgage note, which was originated on May 7, 2004, is held by CalHFA in the original amount of \$980,000, and bears interest at 5.25% per annum. Principal and interest are payable in the amount of \$5,412 each month through May 2034. Secured by a deed of trust on Old Grove Apartments.

627,100 658,224

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Esperanza Housing and Community Development Corporation
(Continued)

2020

2019

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.

\$ 133,287 \$ 176,369

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.

43,944 55,782

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.

291,712 326,188

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.

1,024,240 1,111,169

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.

628,631 662,007

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

<u>Esperanza Housing and Community Development Corporation</u>	<u>2020</u>	<u>2019</u>
<u>(Continued)</u>		
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 15).	\$ 12,215,000	\$ 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	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 (\$-0- and \$5,453 advanced at December 31, 2020 and 2019, respectively), 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	5,453
The mortgage note which was originated on October 24, 2002 is held by the California Department of Housing and Community Development Joe Serena Junior Farmworker Housing Grant Program in the original amount of \$1,400,000 and bears interest at 3% per annum. Principal and accrued interest are due October 24, 2042. Secured by a deed of trust on Fallbrook View Apartments.	573,010	-

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Esperanza Housing and Community Development Corporation
(Continued)

2020

2019

The bonds payable which were originated on June 1, 2005 are held by the Housing Authority of the City of San Diego in the original amount of \$9,000,000, and bear interest at a variable rate determined weekly (.093% at December 31, 2020). 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, 2035. Secured by all of the revenues of the Partnership and a letter of credit. On January 1, 2007, entered agreement that effectively fixed the interest rate on the bonds at 4.14% until January 1, 2022. Secured by a deed of trust on Delta Village Apartments.

Total Esperanza Housing and Community Development Corporation

Less: Unamortized debt issuance costs

Total Esperanza Housing and Community Development Corporation, Net

Total Notes Payable – Amortized Debt, Net

\$ 5,100,000

\$ -

25,341,337

27,624,482

(591,705)

(430,407)

24,749,632

27,194,075

\$ 33,399,632

\$ 32,844,075

Debt issuance costs total \$1,145,075 and \$776,631, less accumulated amortization of \$553,370 and \$346,224 at December 31, 2020 and 2019, respectively.

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

Years Ended
December 31

2021

\$ 1,873,307

2022

1,445,037

2023

5,598,459

2024

785,265

2025

4,305,231

Thereafter

19,984,038

Less: Unamortized debt issuance costs

(591,705)

Total

\$ 33,399,632

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 5.5%. These notes are each secured by a deed of trust on the property indicated below.

Debt issuance costs total \$10,767 and \$14,767, less accumulated amortization of \$7,770 and \$7,500 at December 31, 2020 and 2019, respectively.

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

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

				2020		2019	
	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	119,427	182,355	113,957	182,355
City of Escondido	Las Casitas Maple	3%	September 27, 2073	3,590	139,000	-	-
City of Escondido	Las Casitas Washington	3%	March 2, 2039	79,910	122,000	76,250	122,000
MUFG Union Bank (AHP)	Keeler Court	0%	December 1, 2074	-	700,000	-	700,000
SD Dept. of Housing and Community Development	Las Casitas Washington	0%	October 29, 2022	-	49,000	-	73,500
Western Alliance Bank (AHP)	North Park Seniors	0%	January, 2033	-	750,000	-	750,000
Esperanza Housing and Community Development Corporation:							
San Diego Housing Commission	Bandar Salaam	3%	July 2055	1,187,864	2,100,000	1,170,221	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	596,138	846,000	577,008	846,000
City of Escondido	Daybreak Grove/Sunrise	3%	December 4, 2021	391,666	502,407	380,202	502,407
San Diego Housing Commission	Delta Village	3%	June 1, 2036	2,579,682	6,100,000	-	-
City of Escondido	Eucalyptus View	3%	October 2055	45,156	125,000	50,033	125,000
City of Escondido	Eucalyptus View	3%	October 2055	268,544	480,945	256,411	480,945
California Housing Finance Agency	Eucalyptus View	0%	November 1, 2056	-	63,092	-	63,092
CA Dept. of Housing and Community Development	Fallbrook View	3%	October 24, 2042	757,668	1,400,000	-	-
SD Dept. of Housing and Community Development	Fallbrook View	3%	October 24, 2057	687,231	1,263,000	-	-
Poway Housing Authority	Hillside Village	3%	June 2058	1,657,584	3,930,370	1,548,491	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	-	279,068	-	640,021
County of San Diego	Marisol Apartments	3%	January 15, 2052	176,572	249,746	169,895	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	262,529	400,000	253,182	400,000
SD Dept. of Housing and Community Development	Old Grove Apartments	3%	September 1, 2058	114,000	200,000	108,000	200,000
City of Oceanside	Old Grove Apartments	3%	August 2058	610,897	1,385,000	598,675	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	835,882	2,490,000	886,378	2,490,000
City of Escondido	Orange Place	3%	July 20, 2050	243,941	400,000	260,877	400,000
City of Escondido	Orange Place	3%	February 11, 2051	461,879	763,516	494,204	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	3,521,111	3,708,006	3,378,246	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	552,373	1,000,000	532,373	1,000,000
Total Notes Payable - Residual Receipts Debt				15,153,644	31,912,116	10,944,675	38,295,569
Less: Unamortized debt issuance costs				-	(2,997)	-	(6,967)
Total Notes Payable - Residual Receipts Debt, Net				\$ 15,153,644	\$ 31,909,119	\$ 10,944,675	\$ 38,288,602

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 15 - 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 \$989,513 and \$948,438 at December 31, 2020 and 2019, respectively. The change in obligation under interest rate swap totaled \$242,168 and \$89,700 for the years ended December 31, 2020 and 2019.

Note 16 - 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 \$30,980,999 of which CHW has committed \$16,830,999 of unrestricted resources and \$14,150,000 available through various financing instruments. The HFF has outstanding investments of \$9,528,171 and \$13,217,852 at December 31, 2020 and 2019, respectively. The HFF has \$21,452,828 and \$11,888,148 available at December 31, 2020 and 2019, respectively, including \$5,500,000 and \$3,500,000 available through debt financing for the years ended December 31, 2020 and 2019, respectively.

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 \$6,298,276 and \$4,298,145 at December 31, 2020 and 2019, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 16 - 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, 2020 and 2019. Net assets with donor restrictions are summarized as follows at December 31:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Financial Well-being	\$ 212,500	\$ 156,792
Rental Assistance	154,735	14,583
CDBG Revolving Loan Fund	120,015	118,812
After School Program	100,000	130,000
Portfolio Strengthening	96,020	150,000
Resident services	93,510	-
COVID Support	50,000	-
Loan loss reserve (NRC)	35,000	52,000
North Park Seniors	25,000	25,000
Operating costs - Parks at Fig Garden Apts	20,000	-
Total Subject to Expenditure for Specified Purpose	<u>906,780</u>	<u>647,187</u>
Subject to the Passage of Time:		
Contributions receivable, net	<u>-</u>	<u>750</u>
Perpetual in Nature:		
The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC)	<u>-</u>	<u>772,840</u>
Total Net Assets with Donor Restrictions	\$ <u>906,780</u>	\$ <u>1,420,777</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>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC)	\$ 772,841	\$ 331,217
Financial Well-being	234,292	450,709
Portfolio Strengthening	53,980	-
After School Program	30,000	-
Rental Assistance	27,916	18,750
Loan loss reserve (NRC)	17,000	13,500
Resident services	6,490	-
Time Restrictions Fulfilled	<u>1,000</u>	<u>26,000</u>
	\$ <u>1,143,519</u>	\$ <u>840,176</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 17 - 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>	
2021	\$ 598,886
2022	626,763
2023	654,818
2024	684,700
2025	<u>747,871</u>
Total	<u>\$ 3,313,038</u>

Rent, common area and maintenance expense net of the sublease rental income totaled \$600,122 and \$628,280 for the years ended December 31, 2020 and 2019, 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 \$197,139 and \$169,030 for the years ended December 31, 2020 and 2019, 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 (\$12,215,000 and \$12,415,000 at December 31, 2020 and 2019, respectively). The Letter of Credit will expire on July 1, 2022, 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, 2020.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 17 - 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, 2020 and 2019.

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, 2020 and 2019. Payments received are recorded as revenue in the period that they are received.

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 \$14,652,523 and \$27,599 and \$14,764,896 and \$27,811 at December 31, 2020 and 2019, respectively. Payments on the note receivable and interest totaled \$149,384 and \$96,806 for the years ended December 31, 2020 and 2019, 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 \$5,172,113 and \$5,234,906 at December 31, 2020 and 2019, respectively. Payments on the note receivable totaled \$62,793 and \$36,828 for the years ended December 31, 2020 and 2019, 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 \$14,859,347 and \$27,988 and \$14,909,000 and \$59,014, respectively at December 31, 2020 and 2019, respectively. Payments on the note receivable and interest totaled \$117,847 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 17 - Commitments and Contingencies: (Continued)

Grant Awards and Notes Receivables (Continued)

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

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 \$3,968,382 and \$4,000,000 and payments on the note receivable totaled \$31,618 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

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 \$306,496, and \$1,745,723 and \$183,910 at December 31, 2020 and 2019, respectively. Grant advances totaling \$-0- and \$396,011 have been recorded as grant revenue for the years ended December 31, 2020 and 2019, respectively.

The following is a summary of the assets, revenue, and expense recorded for Paradise Creek Housing Partners, L.P., Paradise Creek II Housing Partners, L.P and Fruit Avenue Housing Associates, L.P. as of and for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Notes receivable	\$ 40,398,088	\$ 40,654,525
Less: Allowance for uncollectible	<u>(40,398,088)</u>	<u>(40,654,525)</u>
Notes Receivable, Net	<u>\$ -</u>	<u>\$ -</u>
Interest receivable	\$ 362,083	\$ 270,735
Less: Allowance for uncollectible	<u>(306,496)</u>	<u>(183,910)</u>
Interest Receivable, Net	<u>\$ 55,587</u>	<u>\$ 86,825</u>
Interest income	\$ 196,553	\$ 179,853
Less: Allowance for uncollectible	<u>(122,586)</u>	<u>(105,648)</u>
Interest Income, Net	<u>\$ 73,967</u>	<u>\$ 74,205</u>
Grant revenue	\$ -	\$ 396,011
Less: Allowance for uncollectible	<u>-</u>	<u>(396,011)</u>
Grant Revenue, Net	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 17 - Commitments and Contingencies: (Continued)

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, tenants, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note 18 - Acquisitions and Dispositions of Partnership Interests:

During 2020, the Organization acquired a limited partnership interest in Delta Village Housing Associates, L.P and Fallbrook View 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 2020, the Organization deconsolidated Arden Way Housing Associates, L.P., South Santa Fe Housing Associates, Ulric Street Housing Associates, L.P and Windsor Gardens 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, 2020.

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.

Note 19 - Subsequent Events:

In January 2021, Community HousingWorks, the General Partner for Dove Family Housing Associates, L.P. purchased the 0.005% interest in the Partnership from the Co-General Partner, Mercy Housing West for \$2,685,000.

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES - CONSOLIDATED
DECEMBER 31, 2020

Partnership Name	Property Name	Units	Location	CHW Equity Owned Through LLC	CHW Equity	Esperanza	Escondido	Accounting Method
Breihan Housing Associates, L.P.	Hillside Village	71	Poway	N/A	0.0100%	99.99%	-	Consolidated
Cedar Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.0000%	99.00%	-	Consolidated
CHW Arden Way Development LLC	<i>Development</i>	-	-	N/A	0.0000%	100.00%	-	Consolidated
CHW Las Haciendas Development, LLC	<i>Development</i>	-	-	N/A	0.0000%	100.00%	-	Consolidated
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.0000%	99.00%	-	Consolidated
Concord Sun Ridge, LLC	N/A	-	-	N/A	0.0000%	100.00%	-	Consolidated
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	0.0000%	99.00%	1.000%	Consolidated
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.0100%	99.99%	-	Consolidated 5/5/2020
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carlsbad	N/A	0.0050%	99.99%	-	Consolidated
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	Encinitas	N/A	0.0000%	1.000%	99.00%	Consolidated
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	Escondido	N/A	0.0100%	99.99%	-	Consolidated
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	Fallbrook	N/A	0.0100%	99.99%	-	Consolidated 1/1/20
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	Poway	N/A	1.0000%	99.00%	-	Consolidated
Kalmia Street Housing Associates, L.P.	Keeler Court <i>Sold December 19, 2019</i>	-	-	N/A	99.0000%	1.000%	-	Consolidated
Las Haciendas Housing Associates, L.P.	<i>Development</i>	-	-	CHW Las Haciendas, LLC	0.0100%	99.99%	-	Consolidated
Linda Vista Housing Associates, L.P.	<i>Development</i>	-	-	CHW Linda Vista LLC	0.1000%	99.90%	-	Consolidated
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.0100%	99.99%	-	Consolidated
Morningside Housing Associates, L.P.	206 Cedar <i>Sold January 22, 2020</i>	-	-	West Vista Alliance, LLC	99.0000%	1.000%	-	Consolidated
Navajo Road Development Holding Company, LLC	<i>Development</i>	-	-	N/A	0.0000%	100.00%	-	Consolidated
Navajo Road Housing Associates, L.P.	<i>Development</i>	-	-	CHW Navajo Road, LLC	0.0100%	99.99%	-	Consolidated
Nettleton Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.0000%	99.00%	-	Consolidated
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.0000%	99.00%	-	Consolidated
Parks at Fig, LLC	<i>Sold December 16, 2016</i>	-	-	N/A	100.0000%	-	-	Consolidated
Portola Senior Housing Associates, L.P.	<i>Development</i>	-	-	Lake Forest Housing Opportunities, LLC	0.0100%	99.99%	-	Consolidated
Royal Oaks Housing Associates, L.P.	<i>Development</i>	-	-	CHW Royal Oaks LLC	0.1000%	99.90%	-	Consolidated
The Bowron Road Group Limited Partnership	Parkview Terrace	92	Poway	N/A	0.0020%	99.98%	-	Consolidated
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	Oceanside	N/A	1.0000%	99.00%	-	Consolidated
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	N/A	0.0100%	99.99%	-	Consolidated
Wooster Ave, LLC	<i>Sold to Tripp (December 2019)</i>	-	San Jose	N/A	0.0000%	100.00%	-	Consolidated
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	0.0000%	-	-	Operated by CHW
	Las Casitas Apartments	14	San Diego	N/A	100.0000%	-	-	CHW

(Continued)

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES - EQUITY
DECEMBER 31, 2020

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	0.0100%	-	-	Equity
Arden Way Housing Associates, L.P.	Arden Way Apartments (<i>Construction 120 units</i>)		-	Boxwood Street Housing LLC	0.0100%	-	-	Deconsolidated 10/1/2020
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.0100%	-	-	Equity
Community Road Housing Associates, L.P.	Solara	56	Poway	N/A	0.0100%	-	-	Equity
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.0100%	-	-	Equity
East Mountain Housing Associates, L.P.	The Groves Apartments	44	Pasadena	Northwest Manor LLC	0.0100%	-	-	Equity
El Norte Housing Associates, L.P.	Avocado Court Apartments	36	Escondido	El Norte Housing Opportunities LLC	0.0100%	-	-	Equity
Florida Street Housing Associates, L.P.	Kalos Apartments	83	San Diego	Another Nurturing Neighborhood LLC	0.0100%	-	-	Equity
Foothill Oak Housing Associates, L.P.	Los Robles Apartments	76	Vista	Foothill Oak Housing Opportunities LLC	0.0100%	-	-	Equity
Fruit Avenue Housing Associates, L.P.	Parks at Fig Garden	366	Fresno	Ashlan Ave Housing, LLC	0.0100%	-	-	Equity
Keeler Court Housing Associates, L.P.	Keeler Court Apartments (<i>Construction 71 units</i>)		-	Las Conchas Housing Opportunities LLC	0.0100%	-	-	Equity
Kimball Tower Housing Associates, L.P.	Kimball Tower	151	National City	CHW Kimball Development, LLC	0.0050%	-	-	Equity
Lindo Housing Associates, L.P.	Maplewood Apartments	79	Lakeside	Lakeside Family Housing LLC	0.0100%	-	-	Equity
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors	138	Oceanside	Carolyn Compass Rose, LLC	0.0100%	-	-	Equity
Monument Boulevard Housing Associates, L.P.	Sun Ridge Apartments	198	Concord	Concord Victory Lane, LLC	0.0100%	-	-	Equity
Morgan Tower Housing Associates, L.P.	Morgan Tower	152	National City	CHW Morgan Development, LLC	0.0050%	-	-	Equity
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.0100%	-	-	Equity
North Santa Fe Housing Associates, L.P.	North Santa Fe Apartments	68	Vista	Buena Vista Alliance LLC	0.0100%	-	-	Equity
Oak Knoll Housing Associates, L.P.	Oak Knoll Villas	52	Poway	Fallbrook Renaissance LLC	0.0100%	-	-	Equity
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LI	0.0050%	-	-	Equity
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co.,	0.0050%	-	-	Equity
Poway Villas Housing Associates, L.P.	Poway Villas	60	Poway	CHW Civic Center LLC	0.0100%	-	-	Equity
Solutions Family Center, L.P.	Solutions	33	Vista	N/A	1.0000%	-	-	Equity
South Santa Fe Housing Associates, L.P.	Paseo Artist Village (<i>Construction 60 units</i>)		-	Paseo Artist Village LLC	0.0100%	-	-	Deconsolidated 10/1/20
Texas Street Senior Housing, L.P.	North Park Seniors	76	San Diego	Howard Avenue Senior Housing LLC	0.0100%	-	-	Equity
Tripp Avenue Housing Associates, L.P.	Parkside Terrace Apartments	201	San Jose	CHW Parkside Terrace LLC	0.0100%	-	-	Equity
Turnagain Renaissance Housing Associates, L.P.	Turnagain Arms	80	Fallbrook	Fallbrook Renaissance LLC	0.0100%	-	-	Equity
Ulric Street Housing Associates, L.P.	Ulric Street Apartments (<i>Construction 96 units</i>)		-	Ulric Street Housing Opportunities LLC	0.0090%	-	-	Deconsolidated 10/1/2020
Windsor Gardens Housing Associates, L.P.	Windsor Gardens Apartments	132	Escondido	CHW Windsor Gardens LLC	0.0001%	-	-	Deconsolidated 2/1/2020
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.0100%	-	-	Equity
		<u>3,670</u>						

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

Partnership Name	Property Name	Units	Location	CHW Equity Owned Through LLC	CHW Equity	Esperanza	Escondido	Accounting Method
Community Housing Solutions	<i>PineView Apartments (Sold 7/1/19)</i>	-	Fallbrook	N/A	100.00%	-	-	Consolidated (Sold 7/1/2019)
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carlsbad	N/A	0.005%	99.99%	-	Consolidated (1/1/19)
Arden Way Housing Associates, L.P.	<i>Development</i>	-	-	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 Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.000%	99.00%	-	Consolidated
CHW Arden Way Development LLC	<i>Development</i>	-	-	N/A	-	100.00%	-	Consolidated
CHW Las Haciendas Development, LLC	<i>Development</i>	-	-	N/A	-	100.00%	-	Consolidated
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.000%	99.00%	-	Consolidated
Concord Sun Ridge, LLC	N/A	-	-	N/A	-	100.00%	-	Consolidated
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	-	99.00%	1.000%	Consolidated
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
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.	Keeler Court <i>Sold December 19, 2019</i>	-	-	N/A	99.00%	1.000%	-	Consolidated
Linda Vista Housing Associates, L.P.	<i>Development</i>	-	-	CHW Linda Vista LLC	0.100%	99.90%	-	Consolidated
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.010%	99.99%	-	Consolidated
Morningside Housing Associates, L.P.	<i>Development</i>	-	-	West Vista Alliance, LLC	99.00%	1.000%	-	Consolidated
Nettleton Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.000%	99.00%	-	Consolidated
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.000%	99.00%	-	Consolidated
Parks at Fig, LLC	<i>Sold December 16, 2016</i>	-	-	N/A	100.00%	-	-	Consolidated
Royal Oaks Housing Associates, L.P.	<i>Development</i>	-	-	CHW Royal Oaks LLC	0.100%	99.90%	-	Consolidated
South Santa Fe Housing Associates, L.P.	<i>Development</i>	-	-	Paseo Artist Village LLC	1.00%	99.00%	-	Consolidated
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
Ulric Street Housing Associates, L.P.	<i>Development</i>	-	-	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
Wooster Ave, LLC	<i>Sold to Tripp (December 2019)</i>	-	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

(Continued)

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES - EQUITY
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
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.010%	-	-	Equity
Community Road Housing Associates, L.P.	Solara	56	Poway	N/A	0.010%	-	-	Equity
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.010%	-	-	Equity
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.010%	-	-	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
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
Keeler Court Housing Associates, L.P.	<i>Development</i>	-	-	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
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors	138	Oceanside	Carolyn Compass Rose, LLC	0.010%	-	-	Equity
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)
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.010%	-	-	Equity
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
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LI	0.005%	-	-	Equity
Paradise Creek II Housing Partners, L.P.	Paradise Creek II	92	National City	CHW Paradise Creek II Development Co.,	0.005%	-	-	Equity
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
Texas Street Senior Housing, L.P.	North Park Seniors	76	San Diego	Howard Avenue Senior Housing LLC	0.010%	-	-	Equity
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
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.010%	-	-	Equity
		<u>3,670</u>						

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
<u>Current Assets:</u>						
Cash and cash equivalents	\$ 25,777,481	\$ 106,714	\$ 2,288,791	\$ 87,735	\$ -	\$ 28,260,721
Investments	9,637,536	-	-	-	-	9,637,536
Security deposits	7,000	-	635,672	11,112	-	653,784
Grants and contracts receivable	60,771	-	-	-	-	60,771
Accounts receivable - related parties	16,865,273	-	-	-	-	16,865,273
Accounts receivable - other, net	32,157	-	161,488	-	-	193,645
Intercompany accounts receivable	5,742,977	-	39,288	-	(5,782,265)	-
Prepaid expenses	36,157	-	105,916	583	-	142,656
Total Current Assets	<u>58,159,352</u>	<u>106,714</u>	<u>3,231,155</u>	<u>99,430</u>	<u>(5,782,265)</u>	<u>55,814,386</u>
<u>Noncurrent Assets:</u>						
Restricted reserves	-	-	7,576,606	432,903	-	8,009,509
Loans receivable, net	315,772	-	-	-	-	315,772
Intercompany notes receivable	543,829	-	-	-	(543,829)	-
Notes receivable - related parties, net	17,708,520	8,251,620	40,016,055	-	-	65,976,195
Interest receivable	687,948	780,544	906,816	-	-	2,375,308
Property and equipment, net	1,654,932	-	71,840,629	467,601	-	73,963,162
Investments in limited partnerships	24,093,227	2,587,972	191,331	(2,392)	(12,349,241)	14,520,897
Deposits	165,749	-	107,825	1,000	-	274,574
Other assets, net	-	-	41,621	-	-	41,621
Total Noncurrent Assets	<u>45,169,977</u>	<u>11,620,136</u>	<u>120,680,883</u>	<u>899,112</u>	<u>(12,893,070)</u>	<u>165,477,038</u>
TOTAL ASSETS	<u>\$ 103,329,329</u>	<u>\$ 11,726,850</u>	<u>\$ 123,912,038</u>	<u>\$ 998,542</u>	<u>\$ (18,675,335)</u>	<u>\$ 221,291,424</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2020

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
<u>Current Liabilities:</u>						
Accounts payable and accrued expenses	\$ 1,221,774	\$ 4,350	\$ 449,450	\$ 2,059	\$ -	\$ 1,677,633
Security deposits	7,000	-	635,666	11,112	-	653,778
Intercompany payables	65,177	-	5,688,827	28,261	(5,782,265)	-
Deferred revenue	48,953	-	98,341	1,511	-	148,805
Current portion of noncurrent liabilities	1,000,000	-	873,307	-	-	1,873,307
Total Current Liabilities	<u>2,342,904</u>	<u>4,350</u>	<u>7,745,591</u>	<u>42,943</u>	<u>(5,782,265)</u>	<u>4,353,523</u>
<u>Noncurrent Liabilities:</u>						
Deferred revenue	155,302	-	-	-	-	155,302
Deferred lease liability	281,170	-	-	-	-	281,170
Intercompany notes payable	-	-	543,829	-	(543,829)	-
Notes payable - amortized debt, net	8,650,000	-	24,749,632	-	-	33,399,632
Notes payable - residual receipts debt, net	2,112,355	-	28,799,761	997,003	-	31,909,119
Interest payable - residual receipts debt	202,927	-	14,398,344	552,373	-	15,153,644
Less: Current portion	(1,000,000)	-	(873,307)	-	-	(1,873,307)
Total Noncurrent Liabilities	<u>10,401,754</u>	<u>-</u>	<u>67,618,259</u>	<u>1,549,376</u>	<u>(543,829)</u>	<u>79,025,560</u>
Total Liabilities	<u>12,744,658</u>	<u>4,350</u>	<u>75,363,850</u>	<u>1,592,319</u>	<u>(6,326,094)</u>	<u>83,379,083</u>
<u>Obligation Under Interest Rate Swap</u>	<u>-</u>	<u>-</u>	<u>989,513</u>	<u>-</u>	<u>-</u>	<u>989,513</u>
<u>Net Assets:</u>						
Without donor restrictions	89,677,891	11,722,500	47,558,675	(593,777)	(12,349,241)	136,016,048
With donor restrictions:						
Time and purpose restrictions	906,780	-	-	-	-	906,780
Total Net Assets	<u>90,584,671</u>	<u>11,722,500</u>	<u>47,558,675</u>	<u>(593,777)</u>	<u>(12,349,241)</u>	<u>136,922,828</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 103,329,329</u>	<u>\$ 11,726,850</u>	<u>\$ 123,912,038</u>	<u>\$ 998,542</u>	<u>\$ (18,675,335)</u>	<u>\$ 221,291,424</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
Current Assets:							
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>
Noncurrent Assets:							
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 ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
<u>Net Assets Without Donor Restrictions:</u>						
<u>Support and Revenues:</u>						
Contributions	\$ 3,989,005	\$ -	\$ -	\$ -	\$ (3,252,996)	\$ 736,009
Developer fees	18,096,560	-	-	-	-	18,096,560
Grants and contracts	1,628,956	-	-	-	-	1,628,956
Loan interest and investment income	1,737,319	200,150	1,032,657	6,849	(68,931)	2,908,044
Management fees	1,374,531	33,552	-	-	(594,160)	813,923
Other income	857,404	-	164,472	2,817	-	1,024,693
Program income	1,673,253	-	-	-	(835,635)	837,618
Rental income	-	-	10,696,598	154,032	-	10,850,630
Net assets released from restrictions	1,143,519	-	-	-	-	1,143,519
Total Support and Revenues	<u>30,500,547</u>	<u>233,702</u>	<u>11,893,727</u>	<u>163,698</u>	<u>(4,751,722)</u>	<u>38,039,952</u>
<u>Expenses:</u>						
<u>Program Services:</u>						
Asset management	1,389,408	-	-	-	-	1,389,408
Community programs	3,494,526	-	-	-	-	3,494,526
Real estate development	3,910,951	-	-	-	-	3,910,951
Rental real estate	-	6,551	16,250,183	196,137	(4,751,722)	11,701,149
Supportive housing programs	374,096	-	-	-	-	374,096
Total Program Services	<u>9,168,981</u>	<u>6,551</u>	<u>16,250,183</u>	<u>196,137</u>	<u>(4,751,722)</u>	<u>20,870,130</u>
<u>Supporting Services:</u>						
Management and general	1,430,721	-	5,282	-	-	1,436,003
Fundraising	632,868	-	-	-	-	632,868
Total Supporting Services	<u>2,063,589</u>	<u>-</u>	<u>5,282</u>	<u>-</u>	<u>-</u>	<u>2,068,871</u>
Total Expenses	<u>11,232,570</u>	<u>6,551</u>	<u>16,255,465</u>	<u>196,137</u>	<u>(4,751,722)</u>	<u>22,939,001</u>
Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses)	<u>19,267,977</u>	<u>227,151</u>	<u>(4,361,738)</u>	<u>(32,439)</u>	<u>-</u>	<u>15,100,951</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Eliminations	Consolidated
<u>Other Revenue and (Expenses):</u>						
Gain on sale of property and equipment	\$ -	\$ 251,738	\$ 4,259,298	\$ -	\$ -	\$ 4,511,036
Loan forgiveness and recovery	278,480	-	-	-	-	278,480
Obligation under interest rate swap change	-	-	242,168	-	-	242,168
Partnership income (loss)	126,925	(161,859)	(356)	(302)	(322,142)	(357,734)
Total Other Revenue and (Expenses)	<u>405,405</u>	<u>89,879</u>	<u>4,501,110</u>	<u>(302)</u>	<u>(322,142)</u>	<u>4,673,950</u>
Change in Net Assets Without Donor Restrictions	<u>19,673,382</u>	<u>317,030</u>	<u>139,372</u>	<u>(32,741)</u>	<u>(322,142)</u>	<u>19,774,901</u>
<u>Net Assets With Donor Restrictions:</u>						
Contributions	366,740	-	-	-	-	366,740
Grants and contracts	261,579	-	-	-	-	261,579
Interest income	1,203	-	-	-	-	1,203
Net assets released from restrictions	<u>(1,143,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,143,519)</u>
Change in Net Assets With Donor Restrictions	<u>(513,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(513,997)</u>
Change in Net Assets	19,159,385	317,030	139,372	(32,741)	(322,142)	19,260,904
Net Assets at Beginning of Year	71,425,286	10,072,385	45,296,526	(544,040)	(11,245,001)	115,005,156
Acquisition of Partnership Interest	-	-	2,463,382	-	362,771	2,826,153
Contributions/(Distributions), net	<u>-</u>	<u>1,333,085</u>	<u>(340,605)</u>	<u>(16,996)</u>	<u>(1,144,869)</u>	<u>(169,385)</u>
NET ASSETS AT END OF YEAR	<u>\$ 90,584,671</u>	<u>\$ 11,722,500</u>	<u>\$ 47,558,675</u>	<u>\$ (593,777)</u>	<u>\$ (12,349,241)</u>	<u>\$ 136,922,828</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
<u>Net Assets Without Donor Restrictions:</u>							
<u>Revenues and Support:</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 Revenues and Support	<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>							
<u>Program Services:</u>							
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
Supportive 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>
<u>Supporting Services:</u>							
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 SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services				Supporting Services		
	Asset Management	Community Programs	Real Estate Development	Supportive Housing Programs	Management and General	Fundraising	Total Expenses
<u>Personnel Expenses:</u>							
Salaries and wages	\$ 981,867	\$ 2,034,172	\$ 2,717,830	\$ 28,981	\$ 748,837	\$ 279,115	\$ 6,790,802
Payroll taxes	63,942	135,954	171,661	2,247	58,120	34,119	466,043
Health insurance and other benefits	107,108	314,187	290,772	5,108	109,688	59,389	886,252
Temporary/contract personnel	2,670	3,923	2,616	245	6,332	1,562	17,348
Total Personnel Expenses	<u>1,155,587</u>	<u>2,488,236</u>	<u>3,182,879</u>	<u>36,581</u>	<u>922,977</u>	<u>374,185</u>	<u>8,160,445</u>
<u>Occupancy:</u>							
Office rent	92,705	138,911	220,298	21,811	84,764	59,443	617,932
Telephone/Internet	8,980	16,336	22,400	2,119	8,319	5,788	63,942
Total Occupancy	<u>101,685</u>	<u>155,247</u>	<u>242,698</u>	<u>23,930</u>	<u>93,083</u>	<u>65,231</u>	<u>681,874</u>
<u>Insurance</u>	<u>2,994</u>	<u>10,996</u>	<u>7,974</u>	<u>1,073</u>	<u>(2,170)</u>	<u>1,388</u>	<u>22,255</u>
<u>Supplies and Other Administrative Costs</u>	<u>44,691</u>	<u>139,884</u>	<u>231,249</u>	<u>9,122</u>	<u>153,519</u>	<u>60,901</u>	<u>639,366</u>
<u>Travel</u>	<u>1,664</u>	<u>19,383</u>	<u>3,889</u>	<u>103</u>	<u>2,653</u>	<u>863</u>	<u>28,555</u>
<u>Professional Fees:</u>							
Other professional services	20,433	180,194	49,117	17,640	65,838	57,999	391,221
Equipment/computer services	8,790	32,607	18,110	1,706	33,547	12,187	106,947
Accounting (Audit)	2,583	7,293	10,112	456	11,770	2,903	35,117
Total Professional Fees	<u>31,806</u>	<u>220,094</u>	<u>77,339</u>	<u>19,802</u>	<u>111,155</u>	<u>73,089</u>	<u>533,285</u>
<u>Program/Project Expenses:</u>							
Program/Project related expenses	1,645	372,758	3,096	113,332	7,587	22,193	520,611
Property operation cost	18,194	-	-	132,882	-	-	151,076
Total Program/Project Expenses	<u>19,839</u>	<u>372,758</u>	<u>3,096</u>	<u>246,214</u>	<u>7,587</u>	<u>22,193</u>	<u>671,687</u>
<u>Other Expenses:</u>							
Interest	15,576	43,980	29,320	16,303	70,984	17,507	193,670
Depreciation	7,613	21,494	14,331	19,565	34,692	8,556	106,251
Contributions to others	7,953	22,454	14,970	1,403	36,241	8,955	91,976
Property loss	-	-	103,206	-	-	-	103,206
Total Other Expenses	<u>31,142</u>	<u>87,928</u>	<u>161,827</u>	<u>37,271</u>	<u>141,917</u>	<u>35,018</u>	<u>495,103</u>
TOTAL EXPENSES	<u>\$ 1,389,408</u>	<u>\$ 3,494,526</u>	<u>\$ 3,910,951</u>	<u>\$ 374,096</u>	<u>\$ 1,430,721</u>	<u>\$ 632,868</u>	<u>\$ 11,232,570</u>

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

	Program Services				Supporting Services		
	Asset Management	Community Programs	Real Estate Development	Supportive Housing Programs	Management and General	Fundraising	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	<u>941,232</u>	<u>2,069,089</u>	<u>2,720,006</u>	<u>38,623</u>	<u>874,565</u>	<u>382,106</u>	<u>7,025,621</u>
<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	<u>101,039</u>	<u>148,045</u>	<u>294,764</u>	<u>24,036</u>	<u>95,266</u>	<u>34,914</u>	<u>698,064</u>
<u>Insurance</u>	<u>(10,756)</u>	<u>(4,980)</u>	<u>(14,898)</u>	<u>(878)</u>	<u>(49,616)</u>	<u>(10,672)</u>	<u>(91,800)</u>
<u>Supplies and Other Administrative Costs</u>	<u>70,732</u>	<u>177,819</u>	<u>216,327</u>	<u>12,210</u>	<u>131,674</u>	<u>61,245</u>	<u>670,007</u>
<u>Travel</u>	<u>18,872</u>	<u>69,717</u>	<u>20,085</u>	<u>555</u>	<u>6,852</u>	<u>4,298</u>	<u>120,379</u>
<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	3,838	2,359	34,809
Total Professional Fees	<u>96,733</u>	<u>184,412</u>	<u>59,217</u>	<u>41,712</u>	<u>81,050</u>	<u>39,461</u>	<u>502,585</u>
<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	-	-	-	112,170	-	-	112,170
Total Program/Project Expenses	<u>2,016</u>	<u>285,884</u>	<u>3,675</u>	<u>203,659</u>	<u>5,236</u>	<u>20,944</u>	<u>521,414</u>
<u>Other Expenses:</u>							
Interest	17,053	22,730	31,087	12,084	59,059	14,765	156,778
Depreciation	10,087	13,445	18,388	16,738	34,934	8,733	102,325
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	<u>31,026</u>	<u>41,917</u>	<u>76,797</u>	<u>29,502</u>	<u>107,365</u>	<u>26,853</u>	<u>313,460</u>
TOTAL EXPENSES	<u>\$ 1,250,894</u>	<u>\$ 2,971,903</u>	<u>\$ 3,375,973</u>	<u>\$ 349,419</u>	<u>\$ 1,252,392</u>	<u>\$ 559,149</u>	<u>\$ 9,759,730</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
PARTNERSHIP AND LIMITED LIABILITY COMPANIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019
	Parks at Fig Garden	Kalmia Street Housing	Total	Parks at Fig Garden
Administrative	\$ 2,688	\$ -	\$ 2,688	\$ 2,688
Operating expenses	-	3,163	3,163	-
Taxes and insurance	700	-	700	1,200
TOTAL EXPENSES	\$ 3,388	\$ 3,163	\$ 6,551	\$ 3,888

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESPERANZA HOUSING AND COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Program Services - 2020																	Total
	Bandar Salaam Apartments	Daybreak Grove Apartments	Delta Village Apartments	Esperanza Housing	Eucalyptus View	Fallbrook View Apartments	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	2020
Administrative	\$ 140,694	\$ 42,244	\$ 212,617	\$ 6,876	\$ 97,504	\$ 201,880	\$ 192,098	\$ 175,070	\$ 453,617	\$ 92,009	\$ 121,784	\$ 87,894	\$ 9,146	\$ 217,497	\$ 2,500	\$ 71,861	\$ 20,755	\$ 2,146,046
Amortization	-	-	-	-	-	-	1,000	-	-	-	-	-	-	553	-	-	-	1,553
Depreciation	229,380	65,191	255,964	415,714	120,109	475,821	241,400	381,885	682,181	31,259	250,558	150,761	-	295,633	-	-	79,556	3,675,412
Grant to Community HousingWorks	-	-	-	3,236,168	-	-	-	-	-	-	-	-	-	-	-	-	-	3,236,168
Marketing and leasing	1,504	-	2,014	-	337	-	1,337	1,944	2,491	616	-	247	-	3,768	-	-	14	14,272
Mortgage interest - amortized debt	57,261	3,203	190,230	-	-	7,034	-	84,815	664,718	-	38,527	16,399	-	90,560	-	545,917	-	1,698,664
Mortgage interest - residual receipts debt	64,513	40,514	120,830	-	21,567	79,890	-	117,910	-	20,165	122,250	34,906	-	203,941	-	-	(90,272)	736,214
Operating and maintenance	207,899	75,340	218,883	-	62,922	218,618	223,694	214,602	449,324	50,079	153,411	112,199	3,173	200,322	-	57,138	24,303	2,271,907
Partnership management fee	35,072	29,240	48,530	-	8,769	36,141	32,691	72,146	60,000	19,736	75,486	24,648	-	64,776	-	-	-	507,235
Taxes, insurance and other financial	58,835	18,543	75,164	-	30,039	73,910	91,362	83,524	214,202	18,103	65,599	38,166	3,970	79,081	408	101,843	7,028	959,777
Utilities	138,487	23,394	106,889	-	40,165	141,711	14,623	90,749	198,741	17,509	61,496	46,077	-	78,223	-	35,308	14,845	1,008,217
TOTAL EXPENSES	\$ 933,645	\$ 297,669	\$ 1,231,121	\$ 3,658,758	\$ 381,412	\$ 1,235,005	\$ 798,205	\$ 1,222,645	\$ 2,725,274	\$ 249,476	\$ 889,111	\$ 511,297	\$ 16,289	\$ 1,234,354	\$ 2,908	\$ 812,067	\$ 56,229	\$ 16,255,465

	Program Services - 2019																	Total
	Bandar Salaam Apartments	Daybreak Grove Apartments	Delta Village Apartments	Esperanza Housing	Eucalyptus View	Fallbrook View Apartments	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	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

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESCONDIDO FAMILY HOUSING CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
	Esperanza Garden Apartments	Esperanza Garden Apartments
Administrative	\$ 26,229	\$ 24,915
Depreciation	37,625	37,871
Mortgage interest - residual receipts debt	30,270	30,270
Operating and maintenance	50,723	44,483
Partnership management fee	27,461	28,747
Taxes and insurance	9,958	7,686
Utilities	13,871	12,172
TOTAL EXPENSES	\$ <u>196,137</u>	\$ <u>186,144</u>

**COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	CA1025L9D011804 / CA1025L9D011905	\$ 71,413	\$ -	\$ 71,413	\$ 71,413
Total Direct Program			<u>71,413</u>	<u>-</u>	<u>71,413</u>	<u>71,413</u>
Pass-Through Programs From:						
Supportive Housing Program:	14.235					
County of San Diego Department of Community Development (Loan)		N/A	-	-	73,500	73,500
HOME Investment Partnerships Program:	14.239					
City of Escondido (Loan)		N/A	139,000	-	139,000	139,000
City of Escondido (Loan)		N/A	-	-	182,355	182,355
Total HOME Investment Partnerships Program			<u>139,000</u>	<u>-</u>	<u>321,355</u>	<u>321,355</u>
Continuum of Care Program:	14.267					
County of San Diego Department of Community Development		CA0709L9D011811 / CA0703L9D011912	142,417		142,417	142,417
Total Pass-Through Programs			<u>281,417</u>	<u>-</u>	<u>537,272</u>	<u>537,272</u>
Total U.S. Department of Housing and Urban Development			<u>352,830</u>	<u>-</u>	<u>608,685</u>	<u>608,685</u>
Neighborhood Reinvestment Corporation:						
Direct Programs:						
Expendable Grant	99.999	N/A	944,241	-	736,642	736,642
Total Direct Programs			<u>944,241</u>	<u>-</u>	<u>736,642</u>	<u>736,642</u>
Total Neighborhood Reinvestment Corporation			<u>944,241</u>	<u>-</u>	<u>736,642</u>	<u>736,642</u>
Total Expenditures of Federal Awards			<u>\$ 1,436,071</u>	<u>\$ -</u>	<u>\$ 1,345,327</u>	<u>\$ 1,345,327</u>

COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 - 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, 2020:

CFDA Number	Program Name	Loans Outstanding at December 31, 2019	Loans Awarded for the Year Ended December 31, 2020	Loan Principal Repaid for the Year Ended December 31, 2020	Loans Outstanding at December 31, 2020
14.235	Supportive Housing Program:				
	County of San Diego Department of Community Development	\$ 73,500	\$ -	\$ 24,500	\$ 49,000
14.239	Home Investment Partnerships Program:				
	City of Escondido	182,355	-	-	182,355
	City of Escondido	-	139,000	-	139,000
		<u>182,355</u>	<u>139,000</u>	<u>-</u>	<u>321,355</u>
	Total Loans	<u>\$ 255,855</u>	<u>\$ 139,000</u>	<u>\$ 24,500</u>	<u>\$ 370,355</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, 2020, 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 24, 2021.

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) as a basis for designing 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 consolidated financial statements. 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 24, 2021



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, 2020. 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, 2020.

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 24, 2021

**COMMUNITY HOUSINGWORKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**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:

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99.999

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\$ 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



Community
HousingWorks

Question #15

NAVAJO FAMILY APARTMENTS – Pro-Forma Sources and Uses

Prepared For:	Community HousingWorks
Prepared By:	California Housing Partnership Corporation
Version:	v6.11 SDHF
Revised:	10/28/2021
Filename:	Navajo Family - v6.11 4% SDHF .xlsm

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SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS
Conventional Perm Loan	6,799,000	5.040%		35.0	Total Permanent Debt: 6,799,000
SDHC	3,379,200	3.000%	1.868%	55.0	Term - 17 (yrs.) YR AAA MMD - 1.680% Spread - 236 bps
Accrued Deferred Interest - SDHC	0				Per Unit: 75,093
Impact Fee Waiver	105,952			3,379,200	
Deferred Developer Fee	0				
Capital Contributions					
General Partner (Developer Fee)	0			Capitalized Fee	2,409,048
GP Capital - Partnership Contribution	100			Synd Costs	167,100
Limited Partners	11,650,549			Fed LIHTC: \$0.90	
				State LIHTC \$0.85	
TOTAL SOURCES	21,934,801				
Surplus/(Shortfall)	(0)				

PERMANENT LOAN INTEREST RATE	TRANCHE A	INVESTOR EQUITY STACK	OTHER ASSUMPTIONS
Base Rate	4.040%		
Cushion	1.000%	LIHTC Equity (Federal+Sta	11,650,549
MIP	0.000%	Historic Tax Credit	0
GNMA/Servicing	0.000%	Investment Tax Credit (Sol	0
Issuer	0.000%	Subtotal LP Equity	11,650,549
Trustee	0.000%		
Rating	0.000%	CA Certificated Credit Sale	0
Remarketing	0.000%	Total Investor Equity	11,650,549
Rebate Analyst	0.000%		
Total	5.040%		

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS
Construction Loan	11,264,752	3.750%	24	
Taxable Construction Loan	2,959,634	4.000%	24	
SDHC	3,379,200	3.000%	24	
Impact Fee Waiver	105,952			
Costs Deferred Until Conversion	1,148,594			See page 2 - right column
Capital Contributions				
General Partner (Developer Fee)	0			
GP Capital - Partnership Contribution	100			
Limited Partners*	3,076,570			Net Equity for TCAC 2,909,470
				Less Costs Deferred to Conve 18,858,232
TOTAL SOURCES	21,934,801			
Surplus/(Shortfall)	0			
Sources Less Deferred To Conversion:	20,786,207			

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: LIBOR	Restricted NOI 505,592	50% Test (see Page 7): 55.00%
Current Index: 0.15%	OAR 5.00%	Issuer Inducement: TBD
Spread: 2.60%	FMV per NOI 10,111,848	CDLAC Allocation: TBD
Base Interest Rate (not including cushi	Agg. Credit Value @ 0.89 11,650,549	Percent of CDLAC Allocatior 0.00%
Cushion - Total 1.00%	Perm-Only Soft Debt 0	Const-only portion: 4,465,752
Interest Rate (All-In) 3.75%	Total Value 21,762,397	
	LTV: 85.00%	
	Max. Const. Loan Amount 18,498,037	CDLAC Limit 20,100,000
	Commitment Amount TBD	

Uses of Funds

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Res Cost: Res Sq Foot:		100.00% 100.00%	COST ALLOCATIONS						LIHTC ELIGIBLE BASIS		OTHER BASIS & COST ALLOCATIONS					
					Depreciable			Expensed	Amortized	Constr./ Rehab Acquisition		Deferred to	Land/Basis	Historic	ITC Tax	
TOTAL	Per Unit	Residential	Residential	Non-	Residential	Non-Resid.	Completion or					for	Rehab Tax Credit Basis	Credit Basis (Solar PV)		
ACQUISITION COSTS																
Total Purchase Price - Real Estate: 2,000,000																
Land - San Carlos	2,000,000	44,444	2,000,000	0	2,000,000						0	2,000,000				
Title/Recording/Escrow - Acquisition	15,000	333	15,000	0	15,000	0	0			0	0	15,000				
Legal - Acquisition	5,000	111	5,000	0	5,000	0	0			0	0	5,000				
Other Acquisition Costs	10,000	222	10,000	0	10,000	0	0			0	0	10,000				
HARD COSTS																
Total Construction Contract: 11,055,034																
NEW CONSTRUCTION																
Demolition	0	-	0	0	0	0	0			0	0	0	0	0		
Hard Costs-Unit Construction	7,887,273	175,273	7,887,273	0		7,887,273	0			7,887,273	0	7,887,273	7,887,273			
Personal Property in Construction Contract	0	-	0	0		0	0			0	0	0				
Site Improvements/Landscape	1,228,688	27,304	1,228,688	0		1,228,688	0			1,228,688	0	1,228,688				
Rough Grading	0	-	0	0	0					0	0	0				
GC - General Conditions	790,637	17,570	790,637	0		790,637	0			790,637	0	790,637	790,637			
GC - Overhead & Profit	590,317	13,118	590,317	0		590,317	0			590,317	0	590,317	590,317			
GC - Insurance	144,897	3,220	144,897	0		144,897	0			144,897	0	144,897	144,897			
GC - Bond Premium	91,231	2,027	91,231	0		91,231	0			91,231	0	91,231	91,231			
Contingency - Design & Estimating	321,991	7,155	321,991	0		321,991	0			321,991	0	321,991	321,991			
Contingency - Owner's Construction	552,752	12,283	552,752	0		552,752	0			552,752	0	552,752	552,752			
SOFT COSTS																
Architecture - Design	790,000	17,556	790,000	0		790,000	0			790,000	0	790,000	790,000		0	
Design/Engineering - Civil	380,000	8,444	380,000	0		380,000	0			380,000	0	380,000	380,000			
Design/Engineering - Soils	100,000	2,222	100,000	0		100,000	0			100,000	0	100,000	100,000			
Design/Engineering - Materials (Field)	60,000	1,333	60,000	0		60,000	0			60,000	0	60,000	60,000			
Design/Engineering - Staking, Traffic	80,000	1,778	80,000	0		80,000	0			80,000	0	80,000	80,000			
Geotech/Soils Report	0	-	0	0		0	0			0	0	0	0			
Phase I/II/Toxics Report	40,000	889	40,000	0		40,000	0			40,000	0	40,000	40,000			
ALTA Survey	30,000	667	30,000	0		30,000	0			30,000	0	30,000	30,000			
Special Inspections/Testing	0	-	0	0		0	0			0	0	0	0			
Environmental Consulting	0	-	0	0		0	0			0	0	0	0			
Prevailing Wage Monitor	0	-	0	0		0	0			0	0	0	0		0	
LEED / HERS Rater	35,000	778	35,000	0		35,000	0			35,000	0	35,000	35,000			
Owner's Rep / Construction Supervision	168,000	3,733	168,000	0		168,000	0			168,000	0	168,000	168,000		0	
Consultant: Dry Utilities	40,500	900	40,500	0		40,500	0			40,500	0	40,500	40,500			
Consultant: Other Engineering	40,000	889	40,000	0		40,000	0			40,000	0	40,000	40,000			
Local Development Impact Fees	750,154	16,670	750,154	0		750,154	0			750,154	0	750,154	750,154			
Impact Fee Waiver	105,952	2,354	105,952	0							0					
Local Permits/Fees	260,000	5,778	260,000	0		260,000	0			260,000	0	260,000	260,000			
Utility Connection Fees	60,000	1,333	60,000	0		60,000	0			60,000	0	60,000	60,000		0	
Security During Const	0	-	0	0		0	0			0	0	0	0			
Relocation - Temporary (Rehab)	0	-	0	0		0	0			0	0	0	0			
Relocation - Permanent	0	-	0	0							0					
Real Estate Taxes During Const	27,913	620	27,913	0		27,913	0	0		27,913	0	27,913	27,913			
Insurance During Const	213,001	4,733	213,001	0		213,001	0			213,001	0	213,001	213,001		0	
Appraisal	12,000	267	12,000	0		12,000	0			12,000	0	12,000	12,000			
Market/Rent Comp Study	15,000	333	15,000	0					15,000	0	0	0	0			
Soft Cost Contingency	465,612	10,347	465,612	0		465,612	0			465,612	0	465,612	465,612			
Predev. Loan Interest/Fees	130,823	2,907	130,823	0		0	130,823			0	0	0	0			
Construction Loan Interest	623,082	13,846	623,082	0		411,867	0	211,214		411,867	0	411,867	411,867		0	
Construction Loan Interest - Tail	55,493	1,233	55,493	0		0	0	55,493		0	0	0	0		0	
Accrued Interest - City Loan	0	-	0	0		0	0	0		0	0	0	0			
Accrued Interest - SDHC	0	-	0	0		0	0	0		0	0	0	0			
Title/Recording/Escrow - Construction	40,000	889	40,000	0		40,000	0			40,000	0	40,000	40,000			
Title/Recording/Escrow - Permanent	10,000	222	10,000	0					10,000		10,000					
Legal (Owner): Construction Closing	65,000	1,444	65,000	0		65,000	0			65,000	0	65,000	65,000			
Permanent Closing	0	-	0	0					0		0					
Organization of Ptnshp	14,600	324	14,600	0					14,600		0					
Syndication - GP	35,000	778	35,000	0		35,000	0				0					
Syndication Consulting	82,500	1,833	82,500	0		82,500					2,500					
Audit/Cost Certification	20,000	444	20,000	0			20,000				0					
TCAC Application/Res/Monitoring Fee	57,866	1,286	57,866	0					57,866		18,450					
Marketing	100,000	2,222	100,000	0			100,000				0					
Furnishings Not in Contract	80,000	1,778	80,000	0		80,000	0			80,000	0	80,000				
Start-up /Lease-up Expenses	0	-	0	0				0								
Capitalized Replacement Reserve	13,500	300	13,500	0		13,500					13,500					
Capitalized Operating Reserve (3 mos.)	182,987	4,066	182,987	0		182,987					182,987					
Other Cost: Other Syndication Costs	15,000	333	15,000	0		15,000	0	0	0	0	0			0		
Other Cost: Accounting & Audit (Non-Sync	18,000	400	18,000	0		0	18,000	0	0	18,000	0			18,000		
Other Cost: 1st Year Operations Insurance	33,750	750	33,750	0		33,750	0	33,750	0	0	0			0		
Development Consulting	0	-	0	0		0	0	0		0	0	0	0	0		
Developer Fee	2,409,048	53,534	2,409,048	0		2,409,048	0			2,409,048	0	843,167	2,409,048	2,409,048	-	
COSTS OF ISSUANCE/FINANCING FEES																
Underwriter Fee	60,000	1,333	60,000	0		0	0		60,000	0	0	0	0	0		
Bond Counsel	50,000	1,111	50,000	0		0	0		50,000	0	0	0	0	0		
Issuer Counsel	25,000	556	25,000	0		0	0		25,000	0	0	0	0	0		
Issuer Asset Management Fee	15,000	333	15,000	0		0	0		15,000	0	0	0	0	0		
Issuer Fee - Annual During Const.	117,000	2,600	117,000	0		0	0		117,000	0	0	0	0	0		
Construction Lender Origination Fee	84,486	1,877	84,486	0		84,486	0		0	84,486	0	84,486	84,486			
Construction Lender Expenses	156,000	3,467	156,000	0		156,000	0		0	156,000	0	156,000	156,000			
Construction Lender Counsel	45,000	1,000	45,000	0		45,000	0		0	45,000	0	45,000	45,000			
Other Bond Fee: MIP Fee	0	0	0	0		0	0		0	0	0	0	0	0		
Permanent Lender Expenses	10,000	222	10,000	0		0	0		10,000	0	10,000	0	0	0		
Permanent Lender Counsel	0	0	0	0		0	0		0	0	0	0	0	0		
Permanent Loan Origination Fee	67,990	1,511	67,990	0		0	0		67,990	0	67,990	0	0	0		
Other Perm Bond Fee: (specify here)	0	0	0	0		0	0		0	0	0	0	0	0		
Other Perm Bond Fee: (specify here)	0	0	0	0		0	0		0	0	0	0	0	0		
CDLAC Fee	3,943	88	3,943	0		0	0		3,943	0	0	0	0	0		
CDIAC Fee	2,816	63	2,816	0		0	0		2,816	0	0	0	0	0		
COI Contingency	0	0	0	0		0	0		0	0	0	0	0	0		
Subtotal - Financing/Costs of Issuance	637,234	14,161	637,234	0		0	285,486	0	351,749	285,486		285,486	285,486		0	
TOTAL DEVELOPMENT COSTS																
	21,934,801	487,440	21,934,801	0	2,392,737	18,469,367	0	551,280	449,215	18,469,367	0	1,148,594	20,481,367	17,160,679		0
TDC Per Unit	487,440		100.00%													
TDC Net of accrued interest:	21,934,801															
TDC TCAC	21,767,701		21,767,701													

Unit Mix & Rental Income

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AVERAGE AFFORDABILITY FOR LIHTC UNITS (% of Median)	54.09%
9% TCAC INCOME TARGETING POINTS:	22.50
RENT LIMITS AS OF YEAR:	2021

UTILITY ALLOWANCES	0BR	1BR	2BR	3BR	4BR	5BR
San Carlos	-	70	95	120	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-
0	-	-	-	-	-	-

RESIDENTIAL INCOME

LIHTC - Tier 1 San Carlos TCAC 30% AMI % of Units: 18.18%										Subsidy A SUBSIDIZED					
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	CRL 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	3	559	30.02%	35.84%	682	612	612	1,836	22,032	3	1,621	1,009	3,027	36,324	58,356
2BR	2	752	30.01%	38.22%	818	723	723	1,446	17,352	2	2,101	1,378	2,756	33,072	50,424
3BR	3	1,118	30.00%	39.74%	945	825	825	2,475	29,700	3	2,892	2,067	6,201	74,412	104,112
TOTAL	8							5,757	69,084	8			11,984	143,808	212,892

LIHTC - Tier 2 San Carlos TCAC 50% AMI % of Units: 4.55%										NOT SUBSIDIZED					
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	CRL 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	1	559	50.00%	59.70%	1,136	1,066	1,066	1,066	12,792	0	0	0	0	0	12,792
2BR	1	752	50.00%	63.69%	1,363	1,268	1,268	1,268	15,216	0	0	0	0	0	15,216
3BR	0	1,118	50.00%	66.23%	1,575	1,455	1,455	0	0	0	0	0	0	0	0
TOTAL	2							2,334	28,008	0			0	0	28,008

LIHTC - Tier 3 San Carlos TCAC 60% AMI % of Units: 77.27%										NOT SUBSIDIZED					
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	CRL 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	17	559	59.95%	71.57%	1,362	1,292	1,292	21,964	263,568	0	0	0	0	0	263,568
2BR	8	752	60.01%	76.45%	1,636	1,541	1,541	12,328	147,936	0	0	0	0	0	147,936
3BR	9	1,118	60.03%	79.52%	1,891	1,771	1,771	15,939	191,268	0	0	0	0	0	191,268
TOTAL	34							50,231	602,772	0			0	0	602,772

Staff Units - Site 1 San Carlos									
Unit Type	Number	Unit Floor Area	Actual Rent TCAC AMI %	CRL AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent
2BR	1	752	0.00%	0.00%	0	0	0	0	0
TOTAL	1							0	0

TOTAL RESIDENTIAL INCOME													
		Total Monthly	Total Annual	Monthly Subsidy A	Annual Subsidy A	Monthly Subsidy B	Annual Subsidy B	Monthly Subsidy C	Annual Subsidy C	Monthly Subsidy D	Annual Subsidy D	Grand Total	Total Floor Area
	Number	Net Rent	Net Rent	Income	A Income	Income	B Income	Income	C Income	Income	D Income	Income	
LIHTC	44	58,322	699,864	11,984	143,808	0	0	0	0	0	0	843,672	33,427
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	752
TOTAL	45	58,322	699,864	11,984	143,808	0	0	0	0	0	0	843,672	34,179

MISCELLANEOUS INCOME			
	Per Unit Per Month	Monthly Total	Annual Total
Laundry / Vending	0.00	0	0
Other	8.00	360	4,320
Parking	0.00	0	0
TOTAL	8.00	360	4,320

6600

SUBSIDIZED UNIT MIX SUMMARY						
Unit Type	Units With Subsidy A	Units With Subsidy B	Units With Subsidy C	Units With Subsidy D	Units Without Subsidy	Total
0BR	0	0	0	0	0	0
1BR	3	0	0	0	18	21
2BR	2	0	0	0	10	12
3BR	3	0	0	0	9	12
4BR	0	0	0	0	0	0
5BR	0	0	0	0	0	0
TOTAL	8	0	0	0	37	45

	FEDERAL			CALIFORNIA		
	ACQUISITION	CONST/ REHAB	TOTAL	ACQUISITION	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	0	18,469,367	18,469,367	0	18,469,367	18,469,367
Less:						
50% Energy Investment Tax Credit (Res. Portion)	0	0	0	0	0	0
Historic Tax Credit (Res. Portion)		0	0		0	0
Non-Eligible Federal Financing	0	0	0	0	0	0
Non-Eligible Grants	0	0	0	0	0	0
Soft Loan Basis Deduction	0	0	0	0	0	0
Voluntary Reduction for Tie-Breaker	0		0	0	(6,673,091)	(6,673,091)
ELIGIBLE BASIS	0	18,469,367	18,469,367	0	11,796,276	11,796,276
Threshold Basis Limit			27,844,725			
TBL: Exclude GP Cap/DDF for 4%/State			0			
REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker)	0	18,469,367	18,469,367	0	11,796,276	11,796,276
HIGH COST ADJUSTMENT (Y or N) Y DDA 2020	100.0%	130.0%		100.0%	100.0%	
ADJUSTED ELIGIBLE BASIS	0	24,010,177	24,010,177	0	11,796,276	11,796,276
APPLICABLE FRACTION*	100.0%	100.0%		100.0%	100.0%	
QUALIFIED CREDIT BASIS	0	24,010,177	24,010,177	0	11,796,276	11,796,276
CREDIT RATE (TCAC UNDERWRITING) State - Total Federal Annual/Yr 1-3 State Year 4 - State	4.00%	4.00%		30.00% 4.00% 1.00%	30.00% 4.00% 1.00%	
MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate) Credit Rates Potential Credit Credit Rate Locked? YES Feb-20	4.00% 0	4.00% 960,407	 960,407			
MAX. CREDIT AMOUNT PER TCAC UNDERWRITING Federal Annual/Yr 1State Yr 2 State Yr 3 State Yr 4 State Total	0	960,407	960,407	0 0 0 0 0	738,775 738,775 738,775 1,322,559 3,538,883	738,775 738,775 738,775 1,322,559 3,538,883
MAXIMUM ALLOWABLE CREDITS (Lesser of above) Federal Annual/Total State	0	960,407	960,407			3,538,883
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			9,604,071			3,538,883

8,642,799

3,007,750

Base Year Income & Expense	Version: v6.11 SDHF
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INCOME		
Scheduled Gross Income - Residential		699,864
Misc. Income		4,320
Vacancy Loss - Residential	5.0%	(35,209)
EFFECTIVE GROSS INCOME		805,592
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	400	
Legal	1,000	
Accounting/Audit	8,000	
Security	0	
Other: Phone, Cable, Credit/Bank Checks	6,340	
Total Administrative		15,740
Management Fee		29,700
Utilities		
Fuel	0	
Gas	8,000	
Electricity	10,000	
Water/Sewer	14,000	
Other Utilities	0	
Total Utilities		32,000
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	50,000	
Maintenance Payroll	35,000	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits	10,877	
Total Payroll/Payroll Taxes		95,877
Insurance		24,000
Maintenance		
Painting	5,000	
Repairs	6,074	
Trash Removal	12,000	
Exterminating	3,600	
Grounds	5,713	
Elevator	6,770	
Supplies, Fire Protection, Uniforms, Janitorial Services	13,296	
Total Maintenance		52,453
Other		
County Monitoring Fee	0	see cash flow
Misc. Tax/Licenses/Fees	6,730	
SDHC Monitoring Fee	0	see cash flow
Total Other		6,730
Resident Services		
Tenant Services	27,000	
Tenant Activities	0	
	0	
Total Resident Services		27,000
Replacement Reserve		13,500
Real Estate Taxes		3,000
TOTAL EXPENSES - RESIDENTIAL		300,000
Per Unit Per Annum (incl. Reserves)	6,667	
Per Unit Per Annum (w/o taxes/res/svc)	5,700	
TCAC Minimum (w/o taxes/res/svc)	5,400	
TOTAL EXPENSES - COMMERCIAL		0
NET AVAILABLE INCOME		
Less: Mandatory Annual HCD Payment (Grossed Up for DSCR Factor)	0.00	(11,500)
Less: Ground Lease - Minimum Payment		0
Less: Local Compliance Fee		(6,600)
ADJUSTED NET AVAILABLE INCOME: TOTAL		487,492
ADJUSTED NET OF COMMERCIAL:		487,492
ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY		350,874
Debt Service Coverage Ratio		1.15
AVAILABLE FOR DEBT SERVICE (NET OF OP SUBSIDY)		305,108
NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE		63,586

Calculation of Net Syndication Proceeds

Version: v6.11 SDHF

				As of Closing
Total Federal Credit (10 yr) & State Credit		13,142,954		0
<i>Total Federal Credit</i>	<i>9,604,071</i>			0
<i>Total State Credit</i>	<i>3,538,883</i>			0
Gross Proceeds (Total)		11,650,549		0
<i>Gross Proceeds - Federal Credit</i>	<i>8,642,799</i>			0
<i>Gross Proceeds - State Credit</i>	<i>3,007,750</i>			0
Gross Proceeds (net of Energy/Historic Credit Proceeds)		11,650,549		0
Less: LP Syndication Costs				
Attorney	49,600			
Accountant	20,000			
Consulting	82,500			
Other	15,000			
Total Syndication Costs		167,100		0
Total Syndication Costs/Gross Proceeds		0.01 % (Syndication Load)		0.00000%
Net Proceeds		11,483,449		0
Net Proceeds/Total Fed and State Credit		0.873734	tax credit price	0.00000
Gross Proceeds (Total)/Total Fed and State Credit		0.886448	tax credit price	0.00000
Gross Proceeds - Federal/State Disaggregated				
Federal		0.900000	tax credit price	1.00000
State		0.850000	tax credit price	0.70000
Net Proceeds - Federal/State Disaggregated				
Federal		0.887003	tax credit price	0.00000
State		0.837725	tax credit price	0.00000

Version: v6.11 SDHF

Annual Amt:	7,500
Inflator:	3.00%
Annual Amt:	0
Interest Rate:	0.00%
Annual Amt:	15,000
Inflator:	3.00%

Question #17

NAVAJO FAMILY APARTMENTS – Bank References

Please see below three names and addresses of bank references, and a 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 #1 Name: North Park Seniors
Project #1 Description: New Construction, 76 Units, in San Diego
Project #2 Name: Kimball Tower
Project #2 Description: Rehabilitation, 151 apts., in National City
Project #3 Name: Morgan Tower
Project #3 Description: 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 #1 Name: Kalos Apartments
Project #1 Description: New construction, 83 apts., in San Diego
Project #2 Name: Keeler Court
Project #2 Description: 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 #1 Name: Las Serenas Apartments
Project #1 Description: Rehabilitation, 102 apts., in San Diego
Project #2 Name: Sun Ridge Apartments
Project #2 Description: Rehabilitation, 198 apts., in Concord

Question #20

NAVAJO FAMILY APARTMENTS – List of Undertakings

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
Ulric Street Apartments Public Improvements	Grading bond to build affordable housing	Est. 5/2022	\$148,761	Active
Ulric Street Apartments Public Improvements	Public Improvement Bond to build affordable housing	Est. 5/2022	\$114,351	Active
Keeler Court Apartments Public Improvements	Grading and improvement plans to build affordable housing	Est. 11/2021	\$331,240	Active
Paseo Artist Village – Landscaping and Irrigation Bond	Public landscaping and irrigation related to development of affordable housing	Est. 2/2022	\$22,000	Active
Paseo Artist Village – Performance Bond	Site improvement work related to development of affordable housing	Est. 2/2022	\$270,000	Active
Paseo Artist Village – Grading, Drainage and Erosion Control	Site grading and erosion control work related to development of affordable housing	Est. 2/2022	\$363,000	Active
Paseo Artist Village – Payment and Performance Bond	Construction of Water System related to development of affordable housing	Est. 2/2022	\$78,163	Active
Paseo Artist Village – Warranty Bond	Construction of Water System related to development of affordable housing	Est. 2/2022	\$7,816	Active

Question #22

NAVAJO FAMILY APARTMENTS – CHW Developer Qualifications

Summary Table	
Company/Developer Name	Community HousingWorks
Applicant Name	Navajo Road Housing Associates, LP
Contact Name	Anna McMaster
Contact Email	amcmaster@chworks.org
Contact Phone	619-795-1134
Describe developer experience on similar development	North Santa Fe Apartments – New Construction, 68-units, Vista, CA (see narrative below)
How many rental units does the developer own	3,670
How many rental units does the developer have in development	1,500
How many rental units has the developer completed in the past	3,670

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. As lead developer, in partnership with various other limited partnerships, 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 December 2020, 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.



North Santa Fe | Vista, CA

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 fundraising programs help support the cost of these services.



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 December 2020, with approximately 1,500 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 1,500 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.



North Park Seniors | San Diego, CA

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.

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.

Contact Information

For more information on CHW, please contact the Project Manager, Anna McMaster at amcmaster@chworks.org or (619) 795-1134.



Question #26

NAVAJO FAMILY APARTMENTS – Insurance Certificates

Please find the attached Insurance Certificates for Community HousingWorks evidence of coverage for General Liability, Automobile Public Liability/Property Damage, Workers Compensation, and Excess Liability.



Community
HousingWorks

General Liability and Auto



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/2/2021

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. 595 Market Street Suite 2100 San Francisco CA 94105		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	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A: State Compensation Insurance Fund of CA	
		INSURER B: Zurich American Insurance Company	
		INSURER C: Arch Specialty Insurance Company	
		INSURER D: XL Insurance America, Inc.	
		INSURER E: Philadelphia Indemnity Insurance Company	
		INSURER F:	

COVERAGES

CERTIFICATE NUMBER: 1026536762

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
E	<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:			PHPK2281179	6/1/2021	6/1/2022	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
E	<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			PHPK2281179	6/1/2021	6/1/2022	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
E	<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			PHUB770205	6/1/2021	6/1/2022	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
A B	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	9254903(CA) 934449901(TX)	7/1/2021 7/1/2021	7/1/2022 7/1/2022	<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
C D	Excess Liability Occurrence			UXP103854901 US00068655LI21A	6/1/2021 6/1/2021	6/1/2022 6/1/2022	Each Occurrence \$15,000,000 Aggregate \$15,000,000

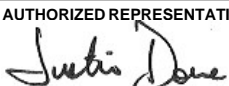
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

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. RE: 2601-2685 Ulric Street, San Diego, CA 92111 & 2645-2685 Ulric Street, San Diego, CA 92111 Named Insured Includes: Ulric Street Housing Associates, LP; Linda Vista Housing Associates, LP, Ulric Street Housing Opportunities LLC; CHW Linda Vista LLC CHW Ulric Street 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 
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**ADDITIONAL REMARKS SCHEDULE**Page 1 of 1

AGENCY Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc.		NAMED INSURED COMMUNITY HOUSINGWORKS 3111 Camino Del Rio N Ste 800 San Diego, CA 92108
POLICY NUMBER		
CARRIER	NAIC CODE	EFFECTIVE DATE:

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 **FORM TITLE:** CERTIFICATE OF LIABILITY INSURANCE

Development, LP is an additional named insured on the policy. Community Housing Capital, Inc. and its successors and assigns shall be named as an additional insured,

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

Workers Compensation



HOME OFFICE	SAN FRANCISCO	ANNUAL RATING ENDORSEMENT
IT IS AGREED THAT THE CLASSIFICATIONS AND RATES PER \$100 OF REMUNERATION APPEARING IN THE CONTINUOUS POLICY ISSUED TO THIS EMPLOYER ARE AMENDED AS SHOWN BELOW.		

HERE ARE YOUR NEW RATES FOR THE PERIOD INDICATED. IF YOUR NAME OR ADDRESS SHOULD BE CORRECTED OR IF INSURANCE IS NOT NEEDED FOR NEXT YEAR, PLEASE TELL US.

IMPORTANT THIS IS NOT A BILL
SEND NO MONEY UNLESS STATEMENT IS ENCLOSED
THE RATING PERIOD BEGINS AND ENDS AT 12:01AM
PACIFIC STANDARD TIME

CONTINUOUS POLICY 9254903-21

RATING PERIOD 7-01-21 TO 7-01-22

COMMUNITY HOUSINGWORKS
3111 CAMINO DEL RIO N STE 800
SAN DIEGO, CALIF 92108

DEPOSIT PREMIUM	\$0.00
MINIMUM PREMIUM	\$500.00
PREMIUM ADJUSTMENT PERIOD	MONTHLY
REP 04	R NA

NAME OF EMPLOYER- COMMUNITY HOUSINGWORKS A NON-PROFIT
CORPORATION
(A NON-PROFIT CORP.)

CODE NO. PRINCIPAL WORK AND RATES EFFECTIVE FROM 07-01-21 TO 07-01-22

		PREMIUM BASIS	BASE RATE	INTERIM BILLING RATE*
8868-1	COLLEGES OR SCHOOLS--PRIVATE--NOT AUTOMOBILE SCHOOLS--PROFESSORS, TEACHERS, OR ACADEMIC PROFESSIONAL	976473	1.72	1.15
8740-1	APARTMENT OR CONDOMINIUM COMPLEX OPERA- TION--N.O.C.--NOT HOMEOWNERS ASSOCIA- TIONS--PROPERTY MANAGEMENT SUPERVISORS		2.14	1.44
8740-6	APARTMENT OR CONDOMINIUM COMPLEX OPERATION FOR SENIORS--AGE RESTRICTED	351756	2.14	1.44
8742-1	SALESPERSONS--OUTSIDE.	2856068	.79	.53
8810-1	CLERICAL OFFICE EMPLOYEES--N.O.C.	1467923	.51	.34
8871-1	CLERICAL TELECOMMUTER EMPLOYEES--N.O.C.	0	.25	.17
9007-1	APARTMENT OR CONDOMINIUM COMPLEX OPERA- TION FOR SENIORS--AGE RESTRICTED	0	7.39	4.96
9067-2	CLUBS--BOYS AND GIRLS--ALL EMPLOYEES --INCLUDING FRONT DESK EMPLOYEES, TEACHERS AND INSTRUCTORS.	0	4.06	2.72
9101-1	COLLEGES OR SCHOOLS--PRIVATE--NOT AUTOMOBILE SCHOOLS	0	10.85	7.28

EXPERIENCE MODIFICATION

07-01-21 TO 07-01-22

130 8

*****BUREAU NOTE INFORMATION*****

TOTAL ESTIMATED ANNUAL PREMIUM \$47,415



HOME OFFICE	SAN FRANCISCO	ANNUAL RATING ENDORSEMENT
IT IS AGREED THAT THE CLASSIFICATIONS AND RATES PER \$100 OF REMUNERATION APPEARING IN THE CONTINUOUS POLICY ISSUED TO THIS EMPLOYER ARE AMENDED AS SHOWN BELOW.		

HERE ARE YOUR NEW RATES FOR THE PERIOD INDICATED. IF YOUR NAME OR ADDRESS SHOULD BE CORRECTED OR IF INSURANCE IS NOT NEEDED FOR NEXT YEAR, PLEASE TELL US.

IMPORTANT

THIS IS NOT A BILL

SEND NO MONEY UNLESS STATEMENT IS ENCLOSED

THE RATING PERIOD BEGINS AND ENDS AT 12:01AM
PACIFIC STANDARD TIME

CONTINUOUS POLICY

9254903-21

RATING PERIOD 7-01-21 TO 7-01-22

FEIN 330317950
FEIN 330339762
FEIN 330655300
FEIN 330692538
FEIN 330695695
FEIN 953685889



HOME OFFICE	SAN FRANCISCO	ANNUAL RATING ENDORSEMENT
IT IS AGREED THAT THE CLASSIFICATIONS AND RATES PER \$100 OF REMUNERATION APPEARING IN THE CONTINUOUS POLICY ISSUED TO THIS EMPLOYER ARE AMENDED AS SHOWN BELOW.		

HERE ARE YOUR NEW RATES FOR THE PERIOD INDICATED. IF YOUR NAME OR ADDRESS SHOULD BE CORRECTED OR IF INSURANCE IS NOT NEEDED FOR NEXT YEAR, PLEASE TELL US.

IMPORTANT THIS IS NOT A BILL
SEND NO MONEY UNLESS STATEMENT IS ENCLOSED
THE RATING PERIOD BEGINS AND ENDS AT 12:01AM
PACIFIC STANDARD TIME

CONTINUOUS POLICY 9254903-21

RATING PERIOD 7-01-21 TO 7-01-22

* INTERIM BILLING RATES WILL BE USED ON PAYROLL REPORTS. THEY TAKE INTO ACCOUNT RATING PLAN CREDITS (OR DEBITS) WHICH WILL APPLY AT FINAL BILLING AND AN ESTIMATE OF YOUR PREMIUM DISCOUNT AS DETAILED BELOW.

RATING PLAN CREDITS (DEBITS) EFFECTIVE FROM 07-01-21 TO 07-01-22

RATING PLAN MODIFIER	0.74725
ESTIMATED PREMIUM DISCOUNT MODIFIER	<u>0.89769</u>
COMPOSITE FACTOR APPLIED TO BASE RATES TO DERIVE INTERIM BILLING RATES	0.67080

*
* PREMIUM DISCOUNT SCHEDULE EFFECTIVE FROM 07-01-21 TO 07-01-22 *
* ESTIMATED MODIFIED PREMIUM IS DISCOUNTED ACCORDING TO THE FOLLOWING SCHEDULE: *
* FIRST ABOVE *
* \$5,000 \$5,000 *
* 0.08 11.38 *
*

THE ESTIMATED PREMIUM DISCOUNT IS BASED ON AN ESTIMATE OF YOUR PAYROLL. ACTUAL PREMIUM DISCOUNT APPLIED AT FINAL BILLING WILL BE BASED ON THE ACTUAL PAYROLL REPORTED ON YOUR POLICY AND SUBJECT TO AUDIT.



HOME OFFICE	SAN FRANCISCO	ANNUAL RATING ENDORSEMENT
IT IS AGREED THAT THE CLASSIFICATIONS AND RATES PER \$100 OF REMUNERATION APPEARING IN THE CONTINUOUS POLICY ISSUED TO THIS EMPLOYER ARE AMENDED AS SHOWN BELOW.		

CONTINUOUS POLICY 9254903-21

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR LOCAL STATE FUND OFFICE BELOW:

SAN FRANCISCO
5880 OWENS DRIVE
PLEASANTON, CA 94588
(888) 782-8338

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions agreements or limitations of the Policy other than as herein stated.

When countersigned by a duly authorized officer or representative of the State Compensation Insurance Fund, these declarations shall be valid and form part of the Policy.

AUTHORIZED REPRESENTATIVE

PRESIDENT AND CEO



Community
HousingWorks

Excess Liability



Amwins Insurance Brokerage of California, LLC
444 South Flower St
Suite 4500
Los Angeles, CA 90071

amwins.com

June 23, 2021

Justin Dove
Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.
595 Market Street
Suite 2100
San Francisco, CA 94105

RE: Community HousingWorks

EXCESS LIABILITY CONFIRMATION OF COVERAGE

Dear Justin:

In accordance with your instructions to bind, please find the attached Binder for Community HousingWorks which confirms that coverage is bound for your client as follows:

DATE OF ISSUANCE:	6/23/2021	
INSURED:	Community HousingWorks	
MAILING ADDRESS:	3111 Camino Del Rio North Suite 800 San Diego, CA 92108	
CARRIER:	Arch Specialty Insurance Company (Non-Admitted)	
POLICY NUMBER:	UXP1038549-01	
POLICY PERIOD:	From 6/1/2021 to 6/1/2022 12:01 A.M. Standard Time at the Mailing Address shown above	
POLICY PREMIUM:	Premium	\$160,000.00
	TRIA	\$4,500.00
	Surplus Lines Taxes and Fees	\$5,346.25
	Total	\$169,846.25
MINIMUM EARNED PREMIUM:	25%	
COMMISSION:	11.000% of premium excluding fees and taxes	
ADDITIONAL TERMS AND CONDITIONS:	N/A	

SURPLUS LINES TAX SUMMARY

HOME STATE: California

SURPLUS LINES TAX CALCULATION:

State	Description	Taxable Premium	Taxable Fee	Tax Basis	Rate	Tax
California	Surplus Lines Tax	\$164,500.00	\$0.00	\$164,500.00	3.000%	\$4,935.00
	Stamping Fee	\$164,500.00	\$0.00	\$164,500.00	0.250%	\$411.25
Total Surplus Lines Taxes and Fees						\$5,346.25

Important Notice: Surplus Lines Tax Rates and Regulations are subject to change which could result in an increase or decrease of the total Surplus Lines Taxes and Fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes owed must be promptly remitted.

The attached Binder from the carrier sets forth the coverage as bound. Please review carefully with your client to ensure the bound coverage matches the terms and conditions of the bind order. It is your responsibility to ensure the bound terms and conditions are accurate and consistent with the agreed bind order terms.

If after reviewing you should have any questions or requested changes, please let us know as soon as possible so we can discuss with the carrier.

Thank you for your business. We truly appreciate it.

Sincerely,

Nicholas Madson

Associate Broker | Amwins Insurance Brokerage of California, LLC
T 213.254.2220 | F 213.254.2238 | nicholas.madson@amwins.com
444 South Flower St | Suite 4500 | Los Angeles, CA 90071 | amwins.com

On behalf of,

Jack Reid

Executive Vice President | Amwins Insurance Brokerage of California, LLC
T 213.254.2224 | F 213.254.2238 | jack.reid@amwins.com
444 South Flower St | Suite 4500 | Los Angeles, CA 90071 | amwins.com

License 0C01319

SURPLUS LINES DISCLOSURE

California

IMPORTANT NOTICE:

1. The insurance policy that you have purchased is being issued by an insurer that is not licensed by the State of California. These companies are called "nonadmitted" or "surplus line" insurers.

2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.

3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.

4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or "surplus line" broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC's internet website at www.naic.org. The NAIC-the National Association of Insurance Commissioners-is the regulatory support organization created and governed by the chief insurance regulators in the United States.

5. Foreign insurers should be licensed by a state in the United States and you may contact that state's department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.

6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.

7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance:
<http://www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm>

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.

D-2 (Effective January 1, 2020)



Community
HousingWorks

Question #32

NAVAJO FAMILY APARTMENTS – Business License

POST IN CONSPICUOUS PLACE OR KEEP ON PERSON

CITY OF SAN DIEGO * CERTIFICATE OF PAYMENT OF BUSINESS TAX

COMMUNITY HOUSINGWORKS
ACCOUNTING DEPT
3111 CAMINO DEL RIO NORTH #800
SAN DIEGO CA 92108-5728

Certificate Number: B2004013671

Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 3111 CAMINO DEL RIO NORTH N #800
SAN DIEGO CA 92108-5728

Primary
Business Activity: CIVIC & SOCIAL ORGANIZATIONS

Secondary
Business Activity:

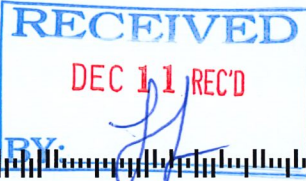
Effective Date: 01/01/2021

Expiration Date: 12/31/2021

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



COMMUNITY HOUSINGWORKS
ACCOUNTING DEPT
3111 CAMINO DEL RIO N STE 800
SAN DIEGO, CA 92108-5728



Jan/Jeni

Certificate Number: B2004013671

PIN: TWBA6

Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 3111 CAMINO DEL RIO NORTH N #800
SAN DIEGO CA 92108-5728

Primary
Business Activity: CIVIC & SOCIAL ORGANIZATIONS

Secondary
Business Activity:

Effective Date: 01/01/2021

Expiration Date: 12/31/2021

Mailing Address: COMMUNITY HOUSINGWORKS
ACCOUNTING DEPT
3111 CAMINO DEL RIO NORTH #800
SAN DIEGO CA 92108-5728

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.

Question #35

NAVAJO FAMILY APARTMENTS – List of all Contracts

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	Project Name	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
3/23/2018 (rev. 12/3/2018)	Keeler Court Apartments	City SDHC HUD- VASH PBVs	Current	\$1,572,480
6/25/2021 (rev. 5/12/2021)	Ulric II Street Apartments	City SDHC and PBVs	Committed	\$4,075,000 Loan; \$11,210,395 PBVs
12/4/2020	Ulric I Street Apartments	City SDHC	Current	\$7,000,000
2/23/2009	Kalos Apartments	City SDHC	Current	\$6,965,583
4/1/2007	Alabama Manor	City of San Diego Housing Authority	Current	\$5,808,006
1/26/2021	Bandar Salam Apartments	City of San Diego Housing Authority - Bonds	Current	NTE \$13,500,000
Final Draw 08/03/2007	Las Serenas	City SDHC	Current	\$6,100,000
3/1/1999 (rev. Dec. 2007)	Mayberry Townhomes	City SDHC	Current	\$799,956
6/15/2016	North Park Seniors	City SDHC	Current	\$7,000,000
1/8/2021	Cortez Hill	City SDHC Non PSH PBV	Committed	\$12,154,500
6/15/21	Cortez Hill	City SDHC	Non-Binding Commitment	\$5,000,000
10/15/20	Cortez Hill	City of San Diego	PSA	\$11,593.00



Question #38

NAVAJO FAMILY APARTMENTS – Three References

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

1. **Name:** Luke Watson, Deputy City Manager, City of Temecula
Address: 41000 Main Street, Temecula, CA 92590
Phone: (951) 694-6415
Project Name: Las Haciendas
Project Description: New construction, 77 apts., in Temecula
2. **Name:** Amanda Lee, Assistant City Manager, City of Vista
Address: 200 Civic Center Drive, Vista, CA 92084
Phone: (760) 643-5208
Project #1 Name: Paseo Artist Village
Project #1 Description: New construction, 60 apts., in Vista
Project #2 Name: North Santa Fe Apartments
Project #2 Description: 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 #1 Name: Kimball Tower
Project #1 Description: Rehabilitation, 151 apts., in National City
Project #2 Name: Morgan Tower
Project #2 Description: Rehabilitation, 152 apts., in National City



Question #40

NAVAJO FAMILY APARTMENTS – Construction Management Experience

In this section, please find the following documents from the Construction Manager, Robert Henderson, that demonstrate the necessary experience to complete our proposed new construction project:

- Resume
- Biography
- Project Completion List
- History of Project Involvement



Community
HousingWorks

Resume

ROBERT R HENDERSON

8030 La Mesa Blvd, #469, La Mesa, CA 91942 | H: 619-467-7453 | C: 619-980-8699 |
rhendersonconsulting@gmail.com

SUMMARY

Proactive Project Manager experienced in managing a variety of construction teams and projects. Successful in creating effective communication between personnel, general contractors and the management team. Extensive knowledge in the overall development of raw land into a myriad of residential, commercial, public, and industrial uses. Expertise in the construction of residential housing (single-family detached, single-family attached, multi-family units (apartments & condominiums)) for both market rate and affordable development/developers. Includes working with both the public and/or private sectors by ensuring proper planning, development, redevelopment, and local code enforcement is adhered to.

HIGHLIGHTS

Permit processing	Residential construction specialist
Building codes and regulations	Organized and detail-oriented
Blueprint fluency	Superb management skills
Project budgeting	Cost control
Baseline schedules creation	

ACCOMPLISHMENTS

Held a 100% success rate on assigned projects. Completed construction management for various affordable developments in the post-Katrina era of New Orleans, Louisiana. Completed construction management for various projects that received the LEED for Homes "Platinum" certifications and the Build It Green; GreenPoint Rated certifications. CM on Avocado Court Apartments in Escondido, CA which additionally was a pilot program for GeoPower of Japan, by incorporating use of their in-ground air HVAC system (first of its kind in the United States). I have been a guest speaker at numerous conventions, panels, and workshops (i.e.; Solar Power International Convention, US Department of Housing & Urban Development, USGBC, AIA, California Energy Commission, San Diego Housing Federation, City of Chula Vista, and the City of San Diego) concerning renewable energy and Green/Sustainable Building for the Affordable Housing industry. My project (Kalos) received the USGBC national award for Outstanding Affordable Project of the year, in 2013.

EXPERIENCE

01/1991 to Current

President

Henderson Consulting - San Diego, CA

A management consultant service company that provides Project/Construction Management services to those involved in the real estate development, home building, and construction industries. The services being provided are based upon the client's needs and are "tailor-made" to exceed the client's expectations.

Through the providing of: project evaluations, feasibility studies, construction budgets, construction schedules, subcontractor bidding, subcontractor contract management, and the creation & administration of project proformas.

By ensuring that proper advanced planning and controls are instituted to underwrite the success of any complex project.

Extensive knowledge in Green/Sustainable Building methods to insure that development is "carbon-neutral" as much as possible.

Managed numerous projects with budgets from \$5M to over \$50M within numerous states throughout the southwest (Louisiana, Texas, New Mexico, Arizona, & California)

01/1995 to 01/1998

Construction Field Manager

Cornerstone Communities - San Diego, CA

Directly responsible for the daily construction activities of residential homes within the "award-winning" Scripps Ranch Villages development

	<p>Aspire project (San Diego), Quail Run project (Encinitas), and the Seaside @ Cardiff project (Encinitas), Coordinated, contracted, purchased, and scheduled all work with every subcontractor; from grading to final inspections of all homes on a daily basis (offsite & onsite). This also included all city, county, and Federal (FHA & VA) inspections and final bond releases.</p> <p>Reviewed and interpreted plans to insure construction complied with the architects, engineers, and consultant's; designs, drawings, and specifications.</p> <p>Created scheduling programs and Quality Control procedures to determine the project performance and track its status on a daily basis.</p> <p>Helped re-write all subcontractors "scope of work"; detailing their duties.</p>
01/1991 to 01/1995	<p>President Henderson Consulting - San Diego, CA</p>
01/1989 to 01/1991	<p>Project Manager The Costa Group - San Diego, CA</p> <p>Coordinated the forward planning and land acquisitions for numerous projects throughout Southern California. This included the selection and contracting of all consultants. Directly involved in negotiations with numerous governmental agencies and utility companies. Directed the design and implementation of all plans for development. Duties also consisted of communication with all lenders, joint venture partners, and equity investors while developing initial cost breakdowns, cash-flow projections, and development schedules. Reviewed and approved invoices for the each project, created and monitored proformas, and updated all parties of the project's status. Prepared and implemented early problem assessments and managed the daily operation of each project to ensure completion before schedule and under budget. Managed the rights of way, easement and dedication processes.</p>
01/1988 to 01/1989	<p>Project Manager Residential Developers Fund - San Diego, CA</p> <p>Responsible for the coordination of all phases of residential home construction financing between Residential Developers Fund (RDF) and their joint venture developer partners. Duties included underwriting potential projects by performing market studies, appraisal reviews, cost audits, and construction schedule audits. These operations were performed to determine that the project had potential investment possibilities. Once the project became a joint venture duties became; monitoring the project to evaluate its status in relation to projected profit margins and advising RDF senior management of possible options to insure their investment.</p>
01/1987 to 01/1988	<p>Vice President Arizona Operations R.A. Homes, Inc - Phoenix, AZ</p> <p>Provided all direct communication with various municipal and governmental agencies. Selected and directed all consultants and subcontractors for approximately fourteen (14) different development projects throughout the metropolitan Phoenix Valley Area including the purchase and eventual selling of 2 development projects in Southern California. Identified potential property to be subdivided into; residential, industrial, and commercial development uses. Monitored costs, timescales and resources used to achieve profit goals Developed new analytics tool to allow senior management to understand the impact of each project.</p>
01/1984 to 01/1987	<p>Offsite Superintendent Shea Homes, Inc - Walnut, CA</p>

Coordinated and directed all offsite construction activities in conjunction with the verification and direction of engineering activities for the combined 1,700 acre Laguna Heights and Bear Brand Master Planned Communities, both award winning in Orange County. In addition, duties included the bidding, contract negotiations, and supervision of all subcontractors involved in offsite construction. Facilitated processing of RFI's, submittals and samples among the general contractor, the owner and the owner's consultants.

EDUCATION

1985

Bachelor of Science Degree: Construction Engineering
California State Polytechnic University - Pomona
Top 10% of class
Recipient of AGC Scholarship



Community
HousingWorks

Biography

Robert Henderson
Henderson Consulting
Project/Construction Manager

Robert Henderson has over 38 years of experience in real estate construction and development in the residential housing market. This includes numerous years of development of housing in several states; California, Arizona, New Mexico, Louisiana, and Texas. In several of these states he has provided affordable housing to many residents through those states low-income housing tax credit programs. Through the years he has held the position of: Director of Construction, Vice President of Land Acquisition, Vice President of Operations, Project Manager, Construction Manager, Field Manager and Superintendent.

Henderson Consulting's extensive knowledge of construction, design, and development is invaluable to many developers and general contractors by insuring a project's viability through the use of construction management principles. As being part of an overall TEAM management style, he has been responsible for coordination of various consultants (i.e.; engineers, architects, and designers) and general contractors. Mr. Henderson has a Bachelor of Science Degree in Construction Engineering from California Polytechnic University, Pomona. His education and experience has been instrumental in the development of over 12,500 residential units (single-family detached, single-family attached, multi-family, & senior), commercial, office, and retail for numerous projects in numerous states. Henderson Consulting completed construction management for various affordable developments in the post-Katrina era of New Orleans, Louisiana. Henderson Consulting completed construction management of the LEED for Homes "Platinum" certified Los Vecinos project in Chula Vista, CA for Wakeland Housing and Development Corporation. Henderson Consulting also completed Parkside Apartments in San Diego, CA for Wakeland, which was awarded LEED for Homes Mid-Rise "Platinum" certification. Henderson Consulting has also completed Brighton Place Apartments in Poway, CA for San Diego InterFaith Housing, which is a Build It Green; GreenPoint Rated certified development (1st multi-family apartment in Southern California). Henderson Consulting also completed Kalos Apartments in San Diego, CA for Community HousingWorks which is a LEED for Homes Mid-rise "Platinum" certified project. Also worked on the Avocado Court Apartments in Escondido, CA which is a Build It Green, GreenPoint Rated certified development; which additionally is a pilot program for GeoPower of Japan, by incorporating use of their HVAC system (first of its kind in the United States). Henderson Consulting completed Parkside Terrace and Roselawn Manor both of which were LEED for Homes "Platinum" certified in the state of New Mexico for Emmerson Construction/Chelsea Investment Corporation. Robert Henderson has been a guest speaker at numerous conventions, panels, and workshops (i.e.; Solar Power International Convention, US Department of Housing & Urban Development, United States Green Building Council, American Institute of Architects, California Energy Commission, San Diego Housing Federation, City of Chula Vista, and the City of San Diego) concerning renewable energy and Green/Sustainable Building for the Affordable Housing industry.

Henderson Consulting is a Certified Green Building Professional member of "Build it Green" (GreenPoint Rated California) and has aspiration of becoming a LEED AP consultant.



Community
HousingWorks

Project Completion List

Project Completion List (last 10-years)

Name (Location)	Description	Date	Overall Construction Cost
• Parkwood (Falls Church, VA)	225 apartment units	completed 2/20	\$16.3M (rehab construction)
• Federation Tower -senior (Long Beach, CA)	50 apartment units	completed 1/20	\$2.4M (rehab construction)
• Rev. Glenn Allison (San Diego, CA)	58 apartment units	completed 9/18	\$3.7M (rehab construction)
• North Park Seniors (San Diego, CA)	76 apartment units	completed 3/18	\$15M (new construction)
• Roselawn Manor (Artesia, NM)	65 apartment units	completed 9/17	\$10.3M (new construction)
• Parkside Terrace (Hobbs, NM)	63 apartment units	completed 9/17	\$10.7M (new construction)
• KALOS Apartments (San Diego, CA)	83 apartment units	completed 2/13	\$15M (new construction)
• Avocado Court (Escondido, CA)	36 apartment units	completed 10/12	\$6M (new construction)
• Los Robles de Cortez (Vista, CA)	76 apartment units	completed 6/13	\$6M (rehab construction)
• N. Pauline Street Apartments (Anaheim, CA)	10 apartment units	prepared Report 6/11	n/a
• Velare Street Apartments (Santa Ana, CA)	14 apartment units	prepared Report 1/12	n/a
• Trojan Street Apartments (San Diego, CA)	82 apartment units	prepared Report 3/11	n/a
• Indiana Homes (New Orleans, LA)	60 SFD Units	completed 7/10	\$7M (new construction)
• Elmwood Homes (New Orleans, LA)	40 SFD Units	completed 7/10	\$5M (new construction)
• Orleans Place (New Orleans, LA)	60 duplex units	completed 5/10	\$8M (new construction)
• Trolley Apartments (San Diego, CA)	70 apartment units	prepared Report 11/09	n/a
• Vista Grande (San Diego, CA)	49 apartment units	completed 9/11	\$5M (rehab construction)
• Village Green (San Diego, CA)	93 apartment units	completed 10/10	\$7.5M (rehab construction)
• Parkside (San Diego, CA)	77 apartment units		
	10,000 sf church	completed 1/10	\$23M (new construction)
• Brighton Place (Poway, CA)	77 apartment units	completed 12/11	\$14M (new construction)



Community
HousingWorks

History of Project Involvement

PROJECT INVOLVEMENT HISTORY

Henderson Consulting (Community Housing Works)

- Keeler Court (San Diego, CA) 71 apartment units
- Paseo Artist Village (Vista, CA) 60 apartment units

Henderson Consulting (MRK Partners)

- Federation Tower (Long Beach, CA) 50 Senior-apartment units
- Parkwood (Falls Church, Virginia) 225 apartment units
- Casa Devon (Miami, Florida) 210 Senior-apartment units
- Pinole Woods (Pinole, California) 100 Senior-apartment units
- Hillside, Ventana, Granite (Oakland, CA) 99 apartment units

Henderson Consulting (Wakeland Housing & Development Corporation)

- Rev. Glenn Allison (San Diego, CA) 58 apartment units

Henderson Consulting (Community Housing Works)

- North Park Senior (San Diego, CA) 76 Senior-apartment units
- Windsor Gardens (Escondido, CA) 132 Senior-apartment units
- Parkside Terrace (San Jose, CA) 201 apartment units
- Ulric Street (San Diego, CA) 36 apartment units
- Little Zion Apartments (San Bernadino, CA) 125 apartment units

Henderson Consulting (Emmerson Construction)

- Roselawn Manor (Artesia, NM) 65 apartment units
- Parkside Terrace (Hobbs, NM) 63 apartment units
- Rancho del Sol (San Diego, CA) 96 apartment units
- Las Palmeras (Imperial, CA) 56 apartment units
- Villa Primavera (Calexico, CA) 48 apartment units

Henderson Consulting (Townspeople)

- 34th Street Apartments (San Diego, CA) –solar PV 35 apartment units

Henderson Consulting (Community Housing Works)

- KALOS Apartments (San Diego, CA) 83 apartment units
- Avocado Court Apartments (Escondido, CA) 36 apartment units
- Los Robles de Cortez Apartments (Vista, CA) 76 apartment units

Henderson Consulting (Irvine Housing Opportunities)

- N. Pauline Street Apartments (Anaheim, CA) 10 apartment units
- Velare Street Apartments (Santa Ana, CA) 14 apartment units

PROJECT INVOLVEMENT HISTORY

Henderson Consulting (Chicano Federation- San Diego)

- Trojan Street Apartments (San Diego, CA) 82 apartment units

Henderson Consulting (Lambeth Construction of Louisiana)

- Indiana Homes (New Orleans, LA) 60 SFD Units
- Elmwood Homes (New Orleans, LA) 40 SFD Units
- Orleans Place (New Orleans, LA) 60 duplex units

Henderson Consulting (Diamond Management, Inc. /Jacobs Foundation)

- Trolley Apartments (San Diego, CA) 70 apartment units

Henderson Consulting (Wakeland Housing & Development Corporation)

- Lillian Place (San Diego, CA) 79 apartment units
- Country Club (Oceanside, CA) 91 apartment units
- Los Vecinos (Chula Vista, CA) 42 apartment units
- Parkside (San Diego, CA) 77 apartment units
10,000 sf church
- Village Green (San Diego, CA) 93 apartment units
- Vista Grande (San Diego, CA) 49 apartment units

Henderson Consulting (San Diego Interfaith Housing Foundation)

- Renaissance @ North Park (San Diego, CA) 112 senior apartment units
- Brighton Place (Poway, CA) 77 apartment units

Henderson Consulting (Carter Reese & Associates/Uptown Builders)

- Skyline Terrace Estates (San Diego, CA) 30 SFD Units
- Encanto Urban Village (San Diego, CA) 26 SFD/A Units
- Renaissance @ North Park (San Diego, CA)
 - Lane Homes 24 townhome units
 - Affordable Row Homes 14 townhome units
 - Retail building 6,800sf retail
- Citrus Heights (Lemon Grove, CA) 79 SFD Units
- Creekside (San Diego, CA) 26 townhome units
- Lisbon Estates (San Diego, CA) 22 SFA units
- Mesa Commons I & II (San Diego, CA) 1,200 sf retail
23 townhome units
33 stacked condo

Henderson Consulting (Trans West Housing)

- Hillcrest Estates (Fallbrook, CA) 18 SFD Units
- Vintage (Vista, CA) 35 SFD Units
- Clearcrest (Fallbrook, CA) 15 SFD Units
- City Heights Urban Village (San Diego, CA) 116 townhome apartments
6-story office building
4-story parking structure
- Private Residence (La Jolla, CA) 6,564 sf

PROJECT INVOLVEMENT HISTORY

- Private Residence (La Jolla, CA) 7,200 sf
- Temecula Creek (Temecula, CA) 400 apartment units
163,000 sf commercial/industrial
- Park & Robinson (San Diego, CA) 13 townhome units
9,000 sf retail/commercial

Henderson Consulting (Wermers Multi-Family Corporation)

- City Lights (Aliso Viejo, CA) 426 apartment units
- Manzanita Apartments (Carlsbad, CA) 128 apartment units

Henderson Consulting (The Encinas Group)

- Westwood (Albuquerque, New Mexico) 264 apartment units
- River Heights (Blythe, CA) 81 senior apartment units
- Village @ Fox Creek (Killeen, Texas) 128 townhome units
- The Timbers (Austin, Texas) 108 apartment units
- Casitas “Casa Hernandez” (Delano, CA) 80 senior apartment units
- Arrowhead Ridge (Albuquerque, New Mexico) 180 apartment units

Cornerstone Communities

- Aspire @ Scripps Ranch Village (San Diego, CA) 125 SFD Units
- Quail Run (Encinitas, CA) 23 SFD Units
- Seaside @ Cardiff (Encinitas, CA) 44 SFD Units
- Encinitas Ranch Master Planned Community (Encinitas, CA)

Henderson Consulting (Talcon Ventures, LP & Midlantic Bank)

- The Willows (Temecula/Murrieta Area, CA) 388 SFD Units
- Newport Estates (Sun City/ Menifee Area, CA) 878 SFD Units
- Ridgeview Estates (Chatsworth, CA) 175 SFD Units
- Sunridge Country (Oceanside, CA) 198 SFD Units

The Costa Group

- The Willows (Temecula/Murrieta Area, CA) 388 SFD Units
- Newport Estates (Sun City/ Menifee Area, CA) 878 SFD Units
- Vineyard Crest (Temecula, CA) 20 SFD Units
- The Vineyard (Temecula, CA) 174 SFD Units
- Silverado North (Temecula, CA) 61 SFD Units
- Silverado South (Temecula, CA) 125 SFD Units
- CrossCreek (Temecula, CA) 95 SFD Units
- Borden Estates (San Marcos, CA) 47 SFD Units

Residential Developers Fund

- Sunridge Country (Oceanside, CA) 198 SFD Units
- Silverado North (Temecula, CA) 61 SFD Units
- Gordon Ranch (Chino Hills, CA) 273 SFD Units
- New Traditions @ Butterfield Ranch (Chino Hills, CA) 137 SFD Units
- Moreno Valley Ranch (Moreno Valley, CA) 276 SFD Units

PROJECT INVOLVEMENT HISTORY

- Sequan Estates (Alpine, CA) 42 SFD Units
- Vista Royale (West Covina, CA) 68 SFD Units
- Rincon Village (Chino Hills, CA) 450 SFD Units

RA Homes, Inc.

- Sierra del Oro (Corona, CA) 130 SFD Units
- Rancho San Clemente (San Clemente, CA) 135 SFA Units
- Madera Parc (Gilbert, AZ) 447 SFD Units
- Desert Shires (Scottsdale, AZ) 91 SFD Units
- Remington Trace @ Mountainside (Phoenix, AZ) 108 SFD Units
- Waterford Bay @ Lakewood (Phoenix, AZ) 133 SFD Units
- Harbor Cove @ The Islands (Gilbert, AZ) 99 SFD Units
- Cobblestone Bay @ Garden Lakes (Avondale, AZ) 111 SFD Units
- Concord Place (Mesa, AZ) 52 SFD Units
- Stoneybrook III (Mesa, AZ) 62 SFD Units
- South Ranch (Phoenix, AZ) 206 SFD Units
- Concord Village (Mesa, AZ) 128 SFA Units

Shea Homes, Inc.

Laguna Heights Master Planned Community (Laguna Niguel, CA) 2,455 overall planned units

- Crystal Cay 303 Condominium Units
- Seaside Meadows I 250 Apartment Units
- Seaside Meadows II 349 Apartment Units
- Palmcourt 349 Condominium Units
- Mariners Bluff 198 SFD Units
- The Palisades 103 SFD Units
- The Palisades II 68 SFD Units
- Sea Breeze 71 SFD Units
- Saltaire 114 SFA Units
- Niguel Point 144 townhome Units
- San Juan Regional Park

Bear Brand Master Planned Community (Dana Point, CA) 1,707 overall planned units

- Brookview I 46 Apartment Units
- Brookview II 354 Apartment Units
- Breakers 96 Condominium Units
- Encantamar 47 Condominium Units